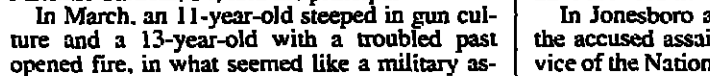






## School Shootings Haunt U.S. Psyche

The peak of the wave of simulation riding came



In March, an 11-year-old steeped in gun culture and a 13-year-old with a troubled past opened fire, in what seemed like a military as-

Suicide rates for the young have increased over the last four decades and have leveled off

a profound cultural influence, like gravity, pulling kids into a world where violence is a perfectly normal way to handle our emotions."

posal for a lifetime ban on gun purchases by violent juveniles and for \$95 million in crime-prevention efforts, including after-school programs.


**SATURDAY:** Argentina.  
*Sources: J.P. Morgan, Bloomberg, Reuters*

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[illegible]

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THE AMERICAS

# The Zapruder Kennedy Film: What Price History?

By George Lardner Jr.  
Washington Post Service

WASHINGTON — Abraham Zapruder wouldn't even have had his Bell & Howell movie camera with him if his secretary hadn't prodded him to go home and get it.

At first, he planned to take it out the window of his office building as the presidential motorcade passed by. Later, he decided to go outside to find a better spot.

What the Dallas dressmaker caught on film that day, November 22, 1963, is one of the most stunning visual documents of the 20th century: a sunlit depiction of the assassination of President John F. Kennedy.

Described by experts as the single most important piece of evidence about the 1963 murder, the 26-second home movie captured in gory detail the shot that killed the president. It has been stored at the National Archives for the last 23 years but the original, and the copyright, still belong to the Zapruder family.

That will change Aug. 1 when it becomes public property, an official "assassination record" designated last year by a unanimous vote of the Kennedy Assassination Records Review Board. But with the deadline approaching, the film has become the subject of stiff negotiations between the Justice Department and lawyers for the Zapruders over what price to put on this unique piece of history.

They are millions of dollars apart. The Zapruders have asked for \$18.5 million for the film and the copyright, informed sources said, and have hired a Washington lawyer, Robert Bennett, to press their claim. The Justice Department contends that price is much too high and has offered \$750,000 while suggesting it might go as high as \$3 million.

Unhappy with the figures thrown out by the Justice Department, the Zapruders are considering litigation that would invoke their constitutional right to "just compensation" for property seized by the government. Sources close to the family point out that President Kennedy's walnut cigar box, a present from the comedian Milton Berle, fetched \$574,500 at a 1996 auc-

tion. The desk Mr. Kennedy used to sign the Nuclear Test Ban Treaty sold for \$1.43 million.

"The Zapruders have been very reasonable, very generous in their dealings with the government," Mr. Bennett said. "They have no desire to exploit the situation. They've offered the government a digitally enhanced, first-generation copy at no charge."

Mr. Bennett's law firm colleague, Richard Brusca, added, "There is also a serious question of whether the government even has a right to take the film."

However, government officials contend that the broad terms of the 1992 law setting up the assassinations board automatically made the film U.S. property — even before August 1.

## POLITICAL NOTES

### Chinese Army Uses Civilian Satellites

WASHINGTON — For the last two years, China's military has relied on American-made satellites sold for civilian purposes to transmit messages to its far-flung army garrisons, according to highly classified intelligence reports.

The reports are the most powerful evidence to date that the American government knew that the Chinese Army was taking advantage of the Bush and Clinton administrations' decisions to encourage sales of technology to Asian companies.

The United States has barred American companies from selling military equipment to the Chinese military since the 1989 killings in Tiananmen Square.

The intelligence reports, which were described by administration officials, were recounted last year in a document compiled by Pentagon intelligence officials and sent to hundreds of senior policymakers at the White House, State Department and other agencies.

Several congressional committees are examining whether the administration's policy toward technology exports damaged national security by strengthening China. Senator Richard Shelby, Republican of Alabama and chairman of the Senate Intelligence Committee, said last week that he plans to investigate use of American-made satellites by China's military. The House recently voted to ban future satellite exports to China, and the Senate is scheduled to take up similar legislation soon.

Administration officials said it was impossible to prevent China's army from using American-made satellites sold abroad and that their long-term aim was to prevent China's military from obtaining the technology needed to make the equipment on its own.

In addition, they said, the arrange-

ment had a side benefit: It gave American intelligence agencies a better chance of intercepting China's military communications. (NYT)

### Republicans Hold Showcase in Iowa

CEDAR RAPIDS, Iowa — A parade of prospective presidential candidates converged here during the weekend for a gala that the state's Republican Party billed as a showcase of "ideas and visions" for the next millennium.

Almost a dozen Republicans sought to win over the particularly conservative subset of voters who will participate in the crucial presidential caucuses here in 2000, traditionally the first battleground of the primary season.

Even in this conservative state, the heavy emphasis on social and moral themes was a striking shift from forums of past years. Then the messages were dominated by clashes over specific legislation or programs.

The gathering featured some prominent Washington lawmakers like Representative John Kasich of Ohio, chairman of the House Budget Committee. But it was dominated by lesser-known politicians seeking to test their appeal on a presidential stage.

One of the speakers was Gary Bauer, the president of the Family Research Council, who said: "No to same-sex marriages. No to saying that way of life is acceptable." (NYT)

## Starr Admits He Talked Off the Record to Press

'Nothing Improper,' Clinton Investigator Insists

By Howard Kurtz  
Washington Post Service

WASHINGTON — Kenneth Starr, the independent counsel, says that he and his top deputy have often spoken to reporters on a not-for-attribution basis about their investigation of President Bill Clinton and his relationship with Monica Lewinsky, sometimes discussing sensitive information about what witnesses have told prosecutors.

In an interview with Steven Brill, founder of the new media magazine Content, Mr. Starr said there was "nothing improper" about such discussions with reporters "if you are talking about what witnesses tell FBI agents or us before they testify before the grand jury or about related matters."

"I have talked with reporters on background on some occasions," Mr. Starr said, adding that his deputy, Jackie Bennett Jr., "has spent much of his time talking to individual reporters." In fact, he said, on Jan. 21, the day the Lewinsky story broke, Mr. Bennett spent "much of the day briefing the press."

In an apparent reference to the White House, Mr. Starr also said granting such interviews is justified in "a situation where what we are doing is countering misinformation that is being spread about our investigation in order to discredit our office." He added, "I think it is our obligation to counter that kind of misinformation."

Mr. Starr's disclosures followed months of charges and countercharges between his office and the White House, each side blaming the other for alleged leaks in the sex-and-perjury probe involving Ms. Lewinsky, the former White House intern. The administration wasted little time in seeking to capitalize on Mr. Starr's remarks.

A White House spokesman, James Kennedy, said the article "raises grave concerns about Mr. Starr's entire investigation." He said that an "independent investigator" must be named to "not only evaluate how Mr. Starr has conducted this investigation but also address his pattern of violating grand jury secrecy laws."

Mr. Brill, the founder of American Lawyer magazine and Court TV, asserts that Mr. Starr's investigation constitutes an "abuse of power" and says there have been court decisions that hold that the criminal prohibition against leaking investigative material applies to prosecutors providing information about prospective witnesses who might testify before a grand jury.

In a statement released by his office Saturday night, Mr. Starr said that Mr. Brill had "recklessly and irresponsibly charged the Office of Independent Counsel with improper contacts with the media. These charges are false."

Mr. Starr said his office "does not release grand jury material directly or indirectly, on the record or off the record," and that "news reports purporting to disclose grand jury or other investigative matters often rely, with or without attribution, on witnesses, their attorneys or their confidants."

Mr. Starr said his office's contacts with reporters "have been legal, appropriate and consistent with Department of Justice policy," and he quoted Deputy Attorney General Eric Holder as saying in 1995 that "in cases involving well-known people, the public has a right to be kept reasonably informed about what steps are being taken to pursue allegations of wrongdoing."

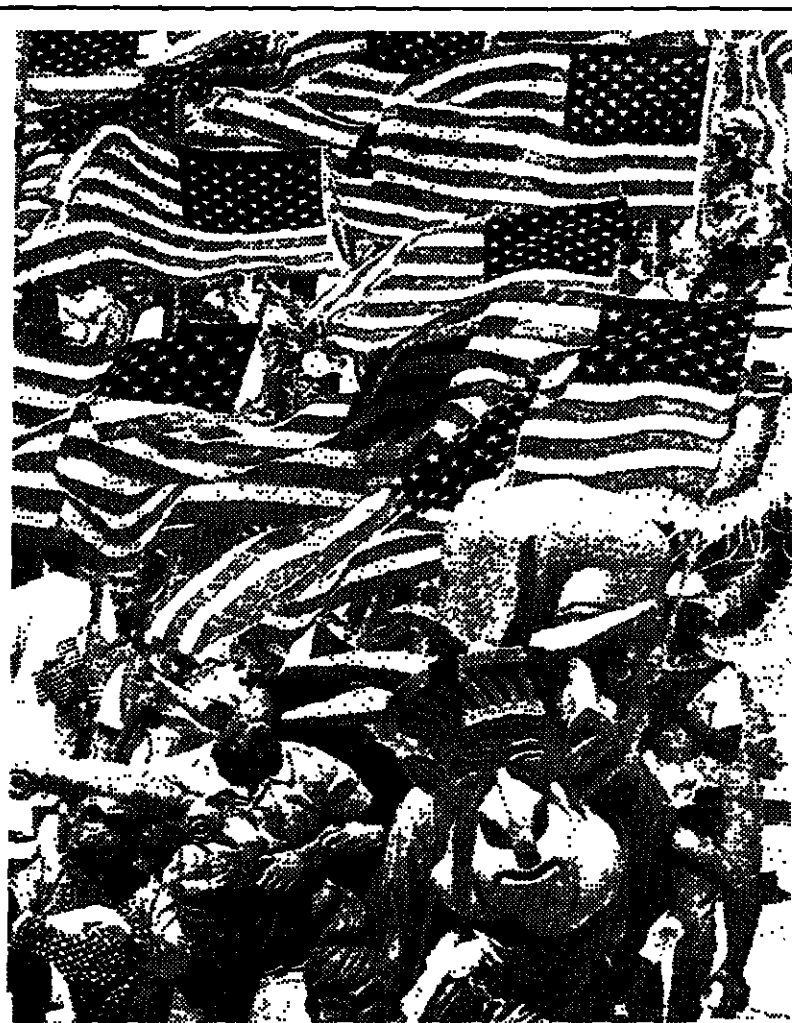
In the interview with Mr. Brill, Mr. Starr said that Mr. Bennett has talked "extensively" to Newsweek's Michael Isikoff, Susan Schmidt of The Washington Post and ABC correspondent Jackie Judd.

Mr. Starr acknowledged that he met with two New York Times reporters, Jeff Girth and Stephen Labaton, the day before they reported that Mr. Clinton had discussed his deposition in the Paula Jones lawsuit with his secretary, Betty Currie, who had already been debarred by Mr. Starr's prosecutors.

"My understanding was that they knew the substance of it," Mr. Starr said. "I only wanted to talk to them about its timing." But he said his deputy, Mr. Bennett, "talked more extensively with the Times for the story."

Mr. Bennett refused to discuss his conversations with individual reporters, telling Mr. Brill, "I don't think it is any of your business."

The 28-page article in the debut issue of Mr. Brill's monthly magazine contains considerable criticism of the press as a "cheering section" for Mr. Starr.



### Expo98 Celebrates the United States

American "Big Naza" puppet creatures and performers from the Up With People group parading with flags aplenty in Lisbon on Sunday during United States of America National Day at the Expo98 World's Fair.

## Clinton Assails State Restrictions On Immigrants as 'Un-American'

By John F. Harris  
Washington Post Service

SPRINGFIELD, Oregon — President Bill Clinton mounted an uncommonly blunt-spoken defense of immigration, asserting that ethnic newcomers contribute far more to society than they cost and castigating efforts at curbing their cultural and economic impact as "un-American."

Extolling immigrants as "the most restless, the most adventurous, the most innovative and the most industrious of people," he said many native-born citizens must confront their prejudices toward people with "new accents" and set aside what he called understandable but wrong-headed fears that "the America they know and love is becoming a foreign land."

In a speech at Portland State University, he condemned "policies and ballot propositions that exclude immigrants from our civic life" — an apparent reference to recent initiatives in California — by linking welfare benefits to legal immigrants or curbing bilingual education.

Mr. Clinton also criticized congressional opposition, most of it from Republicans, to the use of new counting techniques in the 2000 census to correct what Democrats contend is traditional

undercounting of immigrants and minorities. The anti-immigrant sentiment such measures reflect, he said, "is not only wrong, it's un-American."

The implied criticism on Saturday of the California actions brought a protest from the office of the state's Republican governor, Pete Wilson.

"President Clinton, whose own immigration policies have failed, has a lot of nerve lecturing to the millions of Californians who supported this issue," said Sen. Walsh, a Wilson spokesman.

### Police Find 2 Explosive Devices

The day before Mr. Clinton's arrival in Eugene, Oregon, police there discovered what appeared to be a pair of pipe bombs in a culvert near the airport and dismantled them, according to law enforcement authorities. The Washington Post reported.

Tipped by an anonymous caller, the police spent four hours Friday locating and defusing what they described as two "possible explosive devices." The caller also said a bomb had been placed at a Eugene bus depot, but none was found.

Spokesmen for the FBI and Secret Service, declined to provide details about the items that were found or their proximity to Mr. Clinton's planned route.

## AMERICAN TOPICS

### A Farewell to Angst: Writer Discovers the Ideal Garret

Like all writers, William Elliott Hazelgrove yearned for a clean and pleasant place in which to pursue his craft. He had drafted novels in a storage room, a coffee house, various basements and a bakery, reports the Los Angeles Times.

So when, one dark March afternoon last year, he noticed a light in the garret of a turreted, white framed house while walking home in Oak Park, Illinois, a light popped on in his mind: The house, now a museum, was the site of Ernest Hemingway's birth in 1899. "God, that'd be a great place to write," he remembers thinking.

Mr. Hazelgrove approached the Ernest Hemingway Foundation, which, after initial skepticism, came around to the notion that having a writer at work in the attic when visitors pass through the house was not such a bad idea.

The place, Mr. Hazelgrove said, has proved to be enormously inspiring, even if Hemingway lived there only to the age of 6. When Mr. Hazelgrove stops to ponder, he looks up — directly into the level gaze of the great American writer, photographed as a young boy.

Mr. Hazelgrove is now polishing a novel titled, aptly, "Hemingway's Attic."

### Short Takes

Mayor Willie Brown of San Francisco thinks that his city's water is so good he wants to bottle and sell it. "It's as good as Calistoga," said Mr. Brown. "It's as good as Evian."

The water comes by aqueduct directly from the Hetch Hetchy Valley in Yosemite National Park, about 125 miles (200 kilometers) east of the city. It is pure enough that federal and state regulators do not require it to be filtered.

The idea of selling the city's water is not without precedent. Calistoga-brand bottled water comes from a geyser in Napa Valley, California, near the town of that name.

Other cities bottle their water, but mainly for promotional purposes. Toledo, Ohio, sells filtered water from Lake Erie under the name of — what else? — "Holy Toledo."

The giant aquarium at the Computer Museum in Boston contains some voracious-looking fish, but feeding them costs nothing. The fish in the 2,200-square-foot "Virtual Fish Tank" — actually 12 large projection screens — are boldly colored, cartoonlike creatures. Visitors to the exhibit, which was developed with the Massachusetts Institute of Technology and Nearlife of Cambridge, design their own fish, instructing them

how to react to other fish, to humans, to food and to water depth. Sensors enable the fish to detect the presence of humans and react to their movements. Mitchell Resnick, an MIT professor, told The New York Times that the exercise allows people to study fish behavior and learn "how orderly patterns can arise without a leader, just from simple interactions among neighboring fish."

The Viagra phenomenon has produced a mini-boom in business for the legal brothels of Nevada, according to some owners.

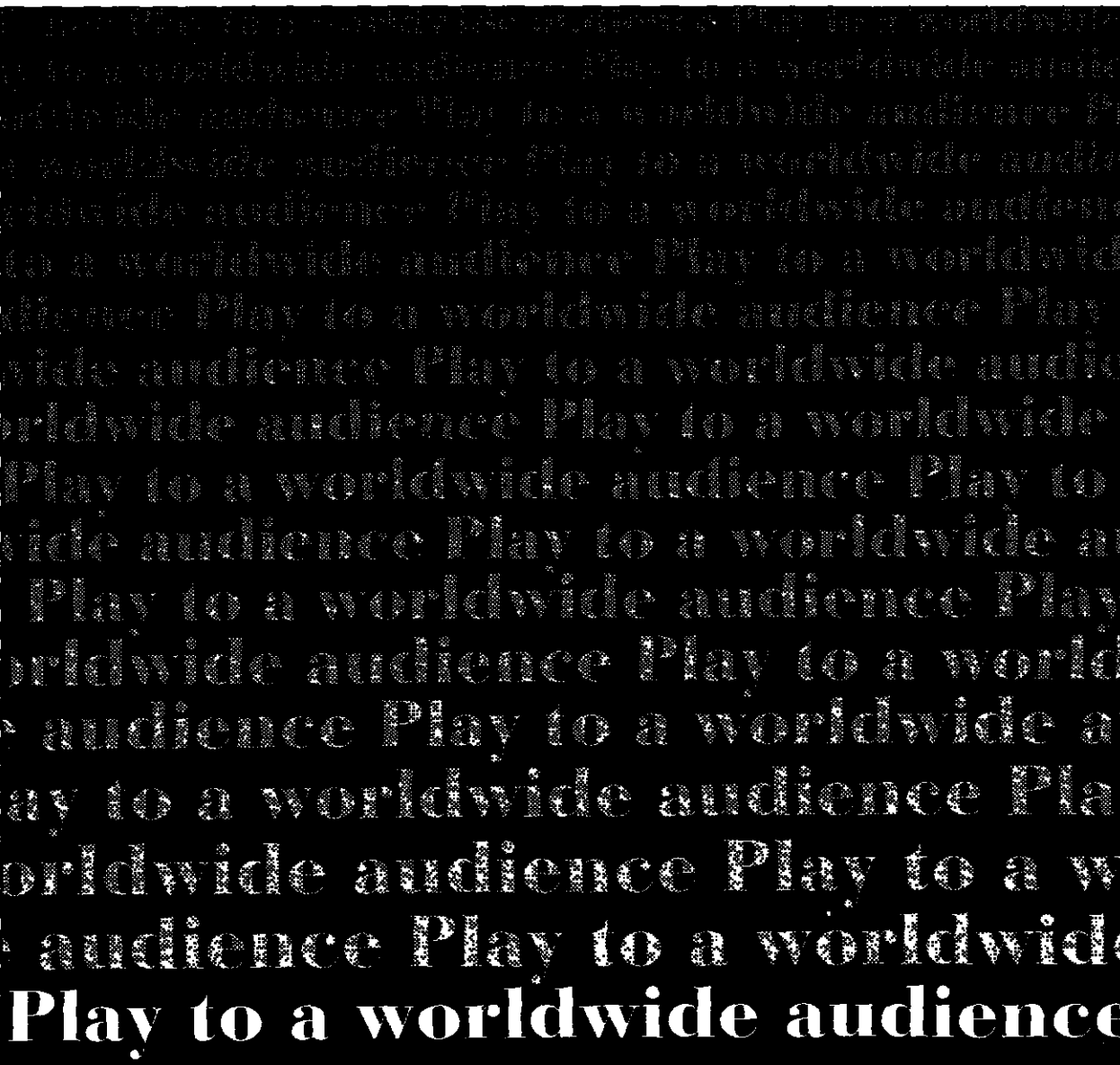
Men as old as their mid-90s, who have been rejuvenated by the little blue impotence remedy, are said to be flocking to the establishments to relieve younger days, the Philadelphia Daily News reports.

"It totally has changed their self-esteem," said "Lief," a prostitute at the Moonlight Bunny Ranch, near Carson City. "They are paying more, staying longer."

George Flint, head of the Nevada Brothel Association, which represents the 30 legal houses of prostitution in the state, took exception, saying the talk of a Viagra-driven boom is greatly exaggerated.

Don't tell that to Suzette Gwin, who manages the Moonlight Bunny Ranch. "This," she said, "is the best thing since prostitution was legalized in 1970."

Brian Knowlton



at

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## INTERNATIONAL

# Reluctant Warriors Against the Serbs

## After Warning Milosevic, U.S. and Allies Hope to Avoid Conflict

By Steven Erlanger  
New York Times Service

WASHINGTON — The United States and its allies remain reluctant to use force against the Yugoslav Army, despite NATO's decision to put on a display of air power in countries bordering the Serbian province of Kosovo, starting Monday, officials of the United States and other NATO member-nations said.

But Western policy, as it is being formulated on the run, hinges on the credible threat of force in order to prompt a negotiated solution between President Slobodan Milosevic and the ethnic Albanians of Kosovo, who make up 90 percent of the population in the province under Serbian rule.

In any case, the Clinton administration and NATO officials do not expect quick Russian approval for a Security Council resolution authorizing use of force.

Historically, the Serbs are friends and allies of Moscow and Kosovo is, after all, an internationally recognized integral part of Serbia and, thereby, of Yugoslavia.

But these officials say they are counting on President Boris Yeltsin to help persuade Mr. Milosevic, when they meet on Tuesday, to halt the violence against ethnic Albanians and to start negotiating seriously with their representatives.

If Mr. Milosevic ends up embarrassing the Russians by rebuffing Moscow's

requests, senior American and NATO-country officials say, Moscow may be more willing to support a decision to authorize NATO to use force in or over Kosovo.

Prompted by Britain, the allies did much last week to make the threat of force a credible one. NATO has agreed to displays of air power in countries like Albania and Macedonia, and to accelerated planning for a possible use of force in Kosovo, against a backdrop of tough talks when Western foreign ministers met Friday in London.

Officials said they were hopeful that the threat of force will be sufficient to deter Mr. Milosevic from continuing his military operations in Kosovo, where about 250 people have been killed, about 10,000 have become refugees and 60,000 or more have been forced to flee their homes.

President Milosevic argues that he is using his forces to put down an insurrection by the Kosovo Liberation Army, which is fighting for independence — much as Moscow tried to put down insurrectionists in Chechnya without NATO's interference.

But the officials emphasize that military force, no matter who wields it, will not bring a solution to the Kosovo problem. Only negotiations can do that, they say. And there is a growing consensus that Washington and NATO must press both the Serbs and ethnic Albanians to negotiate — and to negotiate for an end neither side currently accepts.

The Kosovo Albanian leader whom Washington favors, Ibrahim Rugova, who backs negotiations for independence, is rapidly losing popular support to the Kosovo Liberation Army. Western intelligence officials say, and few ethnic Albanians favor talks with the Serbs. That suggests that if negotiations with Mr. Milosevic are to work, a representative of the KLA must be involved.

"The problem right now is that you're negotiating with someone,



Special police officers in Bistrica, Albania, searching men lined up Sunday from a bus that had carried them over the mountains into refuge from the Serbian Province of Kosovo, which is under military assault.

Rugova, who can't deliver the people who have to be delivered to make a settlement stick," a senior Western official said.

At the same time, the official conceded, little is known about the leadership and structure of the KLA. "We need to do a lot more work to figure out who and how," the KLA is represented in any negotiations, he said, given that Mr. Milosevic may be unwilling to meet directly with a KLA representative.

"We need to get a political process going to which both sides are genuinely committed, and right now we don't have that," the official said.

Nor is the West acting with a firm resolve on what outcome it wants.

Washington and its allies favor enhanced autonomy for Kosovo within a

federal Yugoslavia. But the ethnic Albanians, regardless of whether they favor the approach chosen by Rugova or the KLA, want independence and say a return to the status quo is impossible.

Mr. Milosevic, who took away Kosovo's autonomous status within Serbia in 1989, shows little sign of willingness to grant Kosovo much more than a return to the way things were.

Western officials acknowledge that any settlement must contain protections for Kosovo's Serbs and for the Serbian monasteries, cultural centers and historical sites that are central to the Serbs' self-image and ideology.

Some officials compare Kosovo to Northern Ireland, in the sense that an armed group is fighting for independence and that peace requires it to ac-

cept more realistic goals, short of that aspiration.

But Kosovo and the KLA seem to lack a figure like Gerry Adams, the head of Sinn Féin, the political wing of the Irish Republican Army, who can articulate a set of compromises to the men with the guns.

With divisions about how deep to get involved in Kosovo, Washington has been willing to be driven by the British and Germans toward a more confrontational policy toward Mr. Milosevic, including economic sanctions.

Still, American officials say they and NATO have been deeply involved with Kosovo policy in the first three months of this crisis, a marked contrast to Bosnia, where Washington kept its distance for nearly four years.

## Fierce Fighting Persists in Guinea-Bissau; 4 Embassies and a Hospital Hit by Shells

Compiled by Our Staff From Dispatches

LISBON — Fierce fighting between rebel soldiers and government troops in Guinea-Bissau continued Sunday as the insurgents denied government claims that they had been crushed, according to reports.

The two sides were pounding each other's positions in the capital, Bissau, with rockets, mortars and artillery, the Portuguese news agency Lusa reported.

Caught in the middle, the U.S. and Swedish embassies, the main hospital and the Finance Ministry have taken direct hits, Portuguese radio RDP-Africa said. Damage to the Russian and French embassies was reported earlier in the day.

With the fighting intensifying, thousands of people were desperately seeking an escape route, and reports emerged Sunday that 200 people drowned as they fled Guinea-Bissau by boat two days before.

French evacuees in Dakar said the tragedy occurred Friday when a boat carrying the refugees, most of them Guinea-Bissau citizens, capsized on its way to the Bijagos islands, 50 kilometers (31 miles) off the West African country's coast.

More than 3,000 evacuees from 25 countries arrived in Dakar, Senegal's capital, from Guinea-Bissau on Friday or on Saturday after fleeing the fighting.

Fighting between the rebels and government forces, backed by reinforcements from neighboring Senegal and Guinea, has centered on a garrison in the suburb of Bra where the mutineers have been holed up for a week. The mutineers also control the international airport.

A rebel spokesman described as "pure propaganda" the government's claim that the renegades had been dislodged from their stronghold, Lusa reported. (AP, Reuters, AFP)

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EUROPE

# Are Ulster's 30 Bloody Years Over?

Belfast Residents Cautiously Optimistic About Peace Agreement

By James F. Clarity  
New York Times Service

BELFAST — On the Shankill Road, in the heart of Protestant West Belfast, Penny Purdy tucked her three small children into the back of her small red car the other day, fassing with them and warning them to behave. A few hundred yards from her car, a Roman Catholic bomber killed 10 Protestants and himself in a fish shop in 1993.

But these days, for the first time in her life, Mrs. Purdy, a Protestant, goes about her daily routine not worrying that she and her loved ones might be killed in an instant in the sectarian warfare between the Protestant majority and the Roman Catholic minority in Northern Ireland.

Mrs. Purdy, like 72 percent of the people in this predominantly Protestant British province, voted May 22 in favor of a new peace agreement to end the violence that has killed more than 3,200 people since 1969. She said she would vote again June 25 for a new provincial Assembly to carry out the agreement.

Like an increasing number of Protestant and Catholic people here, she is beginning to feel, with some vestigial caution, that after 30 bloody years, peace may well have arrived to stay in Northern Ireland.

"Last winter when they were doing all that killing," she said, "my wee Zoe asked, 'Why has that man been killed?' " after another tit-for-tat killing between Protestant and Catholic paramilitary groups.

"I realized then," Mrs. Purdy said, "that I'm 30 years old and I have never known peace in my lifetime. The agreement means peace for my three children. So I voted 'yes' in the referendum."

About half the Protestants in the province voted "no," mistrustful of the Irish Republican Army's willingness to continue its 11-month-old cease-fire while politicians try to reshape the province's political structure. But Mrs. Purdy is hopeful.

"I'd like to think they mean it," she said of the IRA and its political wing, Sinn Féin.

Ordinary people, officials and experts agree that the rate of killings has dropped sharply since the first IRA cease-fire in August 1994. From 1969 until 1994, the rate was about 10 dead a month; now, after four years of intensive effort toward a peace settlement, the rate is about one a month, and none since the agreement was approved May 22 in referendums here and in the Irish Republic.

The Northern Ireland police force, the Royal Ulster Constabulary, says there has been little if any paramilitary

violence since the referendums. Instead of reports of bombings and shootings, people have been discussing the nasty theft of five lambs, including a black one, owned by two young girls near Portadown, west of here.

But some experts emphasize that justifiable hope must still be tempered with skepticism — that if the politicians do not move ahead toward new governmental panels to carry out the agreement, voters — and gunners — could change their minds.

"The agreement got a solid endorsement in the referendum," said Andy Wood, a political consultant and former information director for the British government in Belfast. "We'll have to see whether it receives such solid support six months from now. A lot of people thought of their kids, swallowed hard, held their noses and voted for it."

Disillusionment, he said, could lead to a return of violence.

David McKitterick, author of several books on Northern Ireland, is also wary. "Nobody really thinks it's all over forever," he said. He added that violence could erupt, as it has in recent years, if Protestant marchers are allowed to take their parades through resentful Catholic neighborhoods later this month and in July.

"It's very dicey," he said of the prospects for the parades. "Only a couple of hundred bully boys can start

the confrontation. It only needs a few to spark off the whole thing again."

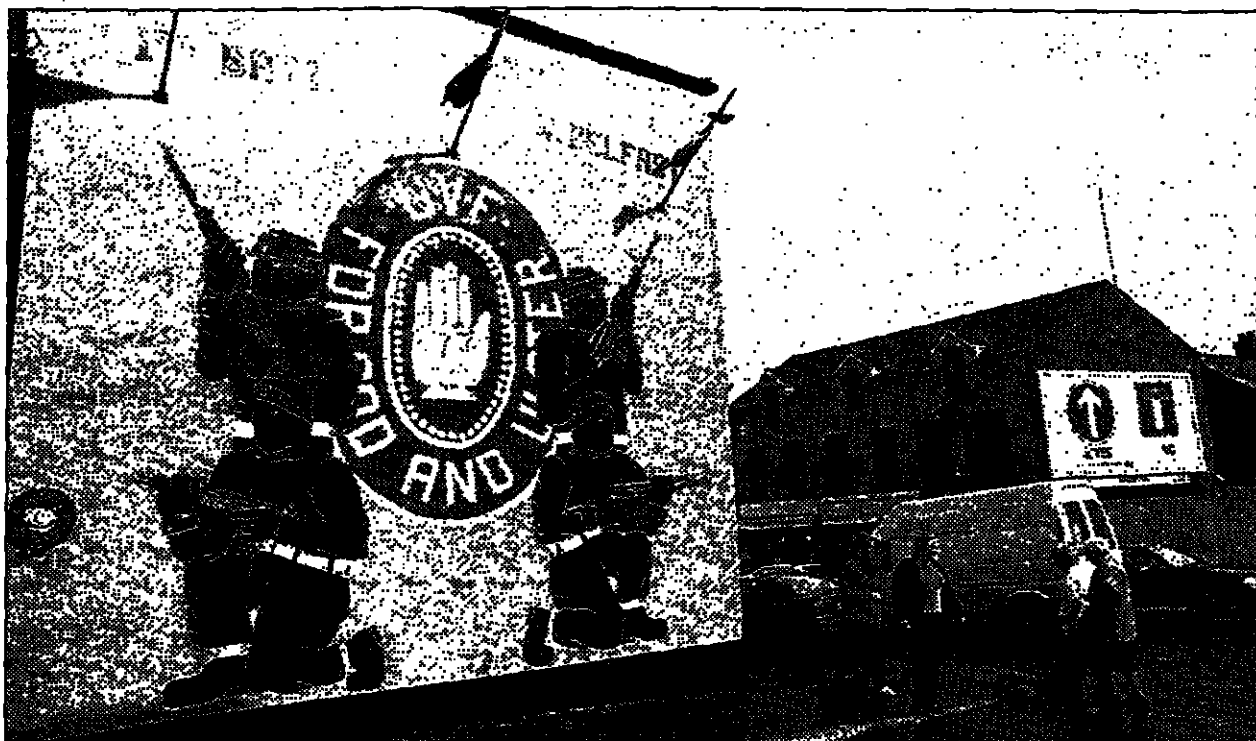
But on a recent afternoon in West Belfast, where much of the killing has taken place, hope was more apparent than fear. On the Shankill Road, a Protestant shopkeeper whose customers include hard-line and mainstream Protestants, said he had voted in favor of the peace agreement, but asked, for commercial reasons, for anonymity.

"You keep talking about Protestants," he said. "Most of them around here call themselves Protestants, but 90 percent of them never see the inside of a church."

He pointed to a wall poster depicting the Reverend Ian Paisley, the hard-line Protestant political leader, apparently wiping a tear from his eye. "Don't Let Paisley Put Tears in Your Eyes," the poster says, referring to Mr. Paisley's fulminating speeches against the peace agreement. The poster was put up, the shopkeeper said, by Protestants favoring the peace agreement. Anti-Paisley posters in Protestant areas would have been unthinkable a few years ago.

But like many Protestants, the shopkeeper said Mr. Paisley's grip on the Protestant mind and vote is slipping fast, that he is losing away with Protestants to David Trimble, leader of the Ulster Unionist Party, which supported the peace agreement.

Aidan Darragh, the Catholic owner of



Belfast is slowly adjusting to the idea of peace in Northern Ireland. A loyalist mural on the Shankill Road in the heart of Protestant West Belfast serves as a reminder of the long conflict between Protestants and Catholics.

a newspaper and candy store, admitted that he had been sure the peace agreement would not be approved.

He gave credit for the deal to Gerry Adams, the Sinn Féin leader, and David Trimble, the head of the Ulster Unionist Party. Mr. Darragh said he had never

before had a kind word for Mr. Trimble, but that to win approval of the agreement "David Trimble worked very hard."

"He's starting to get a wee bit of sense," Mr. Darragh said. "He knows now they're going to have to share

power with us. "There'll be some minor disturbances over the parades. But after a couple of days it'll be over. Nothing like the past. People are saying: 'It's over. Let's get along with our lives. Let's make the peace deal work.' "

## BRIEFLY

### Kohl Party Rejects Call For Election TV Debate

BONN — Chancellor Helmut Kohl's Christian Democrats rejected on Sunday an invitation by the Social Democrat challenger, Gerhard Schröder, for a series of televised debates between the two chancellor rivals.

"Schröder has not grasped that an election campaign does not equate to a personality show," said the Christian Democrat spokesman, Rolf Kieffer.

"It is about the practical, political competition between a center coalition and a dangerous left alliance."

The Germans vote on Sept. 27. (Reuters)

### Police in Greece Battle Unappointed Teachers

ATHENS — Greek riot policemen used tear gas and riot sticks to disperse protesters for a fourth day on Sunday as unappointed

teachers continued their campaign to prevent new teacher recruitment exams from taking place.

In the most serious incidents, shop windows were smashed and cars attacked as riot police fired tear gas to disperse a 2,000-strong crowd at a suburban Athens examination center.

The teachers' union called a 24-hour strike at schools for Monday and said it would hold a protest rally later in the day to condemn police treatment of the protesters. (Reuters)

### Spain Is Urged to Probe A Radiation Accident

MADRID — Environmentalist groups called Sunday for an investigation into an industrial accident at a steel plant owned by Acerinox that may have caused a sharp rise in radiation levels registered across Europe earlier this month.

Spain's Nuclear Security Council said on Saturday that an incident at a steel plant belonging to the company in the southern city

of Algeciras had released a radioactive substance and may have been behind an unexplained radiation increase detected in Switzerland on June 1 and 2. (Reuters)

### Memorial to Holocaust Is Reworked for Berlin

BERLIN — Peter Eisenmann, an American architect, has reworked his design for the Berlin Holocaust memorial and will present it for consideration this week, a German newspaper reported Sunday.

Plans for the monument, intended to commemorate 6 million Jews murdered by the Nazis, have provoked emotional debate and criticism in Germany.

The Tagesspiegel said Mr. Eisenmann had reworked his original design — a graveyard-like labyrinth of 4,000 concrete pillars up to 7.5 meters (25 feet) high — by reducing the number of pillars to 2,000 and sinking the construction into the ground.

The design would only be half a meter high and could be viewed from above. (Reuters)

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## ASIA/PACIFIC

## Hong Kong Crusaders Against Racism Gain Little Support, Even From Victims

By Keith B. Richburg  
Washington Post Service

HONG KONG — To hear Ravi Gidumal, a locally born businessman, tell of the common trials and petty racial slights experienced by an ethnic Indian in Hong Kong, you might think you were talking to a black man describing life in white America.

There are the taxicab drivers who sometimes refuse to stop to pick him up. There was the time he went to join friends in a popular local bar, only to be told at the front door that Indians were not allowed. There was the time in his late teens when he applied for a job teaching English, only to be told — despite his impeccable British accent —

that he was not right for the position because his skin was the wrong color. "Most Indians who are here will notice it, if not on a daily basis, then quite often," he said. "I wouldn't say it's a major issue — you're talking about such a small minority of people. But it's a nagging problem."

In many advanced societies, such overt displays of racial discrimination might well be illegal, or at least not openly tolerated. But in Hong Kong, while a bill of rights prohibits the government from practicing discrimination, there is no similar law prohibiting discrimination based on race or age in the private sector. Members of the territory's tiny ethnic South Asian population are the most frequent victims of

deeply rooted racial prejudice from the city's 98 percent Chinese majority. "This is a major scandal and something that we've been agitating about for years," said Paul Harris, chairman of the Hong Kong Human Rights Monitor. "You can refuse to hire someone because he is black or white or Oriental."

"Things that in most Western countries would be outrageous or illegal or lead to action for damages, here are not," Mr. Harris said. "You can turn someone down because of their skin color or religion, and the law will not intervene."

There is some disagreement as to exactly how prevalent the problem of racial discrimination is in Hong Kong. Raj Sital, past president of the Indian

Chamber of Commerce, said his group once surveyed its members to determine whether there was support for an anti-discrimination law. "I don't think we even got a handful of replies, so I don't think it's a big problem," he said.

"I was born and raised here," he said. "I really haven't felt it as such." The Hong Kong government agrees that discrimination is not widespread enough to warrant legislation. Instead, the government published in April a nonbinding "code of practice against discrimination," aimed at tackling prejudice through public education and raising awareness.

"We had a consultation last year, and the community at large did not seem to think there was a need for legislation,"

said Patrick Wong, spokesman for the Home Affairs Bureau, which published the new guidelines. "We don't think it's a very big problem in Hong Kong. We have decided we will support equal opportunity through education."

Even the most outspoken campaigners for equal opportunity laws in Hong Kong agree that in a nonviolent society like this, the effects of petty discrimination are relatively slight — sometimes making the problem seem less urgent.

"People are not violent," Mr. Harris said. "You don't have skinhead attacks like in Germany. That minimizes the effects, but it also makes it less visible."

But Mr. Harris and other advocates still think the government needs to take

action. For one thing, they accuse the government of a double standard: there are laws against discriminating by gender or physical disability, but nothing on race or age.

One of the biggest problems, say the supporters of new legislation, is a cultural aversion to conflict in which many victims of racial prejudice suffer the slights in silence.

Mr. Gidumal, who is campaigning for a new anti-discrimination law, conceded that he had found little support for his efforts from the very community he was seeking to protect.

"The Indian community doesn't seem too bothered about it," he said, adding, "There doesn't seem to be a will in the community to do something about it."

Anna Wu, the head of the local consumer council and a former member of the Legislative Council, said, "People in Hong Kong are not open to airing certain types of grievances."

Nevertheless, she pushed for an anti-discrimination law when she was on the Legislative Council. "Even without a victim coming forward, the government is obliged to legislate to protect," she said. Like others, she cited as the main problem prejudice among the majority Chinese population against people with darker skin.

At the heart of the problem are complex questions of race and identity in a Chinese city that only one year ago rejoined the mainland.

There is also the backdrop of 150 years of British colonialism during which racial discrimination was an entrenched feature of imperial governance. Throughout most of the British rule, top jobs in the civil service were reserved for expatriates — meaning whites — and discrimination in housing, schooling and employment was official, and strictly enforced.

Change came only in the 1970s and '80s, and in 1991 a bill of rights was passed, prohibiting the government from discriminating. But after nearly 150 years, Mr. Harris said, "the idea that it's okay to discriminate against people on the grounds of race is deeply rooted here."

Given its own history of discrimination, critics say, the former colonial government was loath to introduce an anti-discrimination law.

While Hong Kong is overwhelmingly Chinese, it is home to about 35,000 ethnic Indians. Together with ethnic Pakistanis and Sri Lankans, the total number of Hong Kong people with ancestors in South Asia is more than 50,000. In addition, Hong Kong is home to more than 140,000 Filipinos — 130,000 of them working as domestic helpers. Many of them also say they suffer from discrimination.

## Habibie Hints at Freeing East Timor Rebel Leader

Compiled by Our Staff From Dispatches

JAKARTA — President B. J. Habibie has indicated that he is considering releasing Xanana Gusmao, the East Timorese rebel leader who is Indonesia's highest-profile political prisoner, even as he again ruled out any possibility of independence for the disputed territory.

In an interview during the weekend, Mr. Habibie also gave, for the first time, a timetable for economic recovery, predicting a turnaround in a year or two from the recent financial meltdown.

On Sunday, one of East Timor's most influential figures, Bishop Carlos Belo, a Nobel Peace Prize winner, appealed for the release of Mr. Gusmao and declared that the people of the territory should decide their political future.

"In a critical situation like this, I ask you, all East Timorese, to keep calm and be restrained," he said. "Please don't create things which disturb peace among people." Bishop Belo said in his sermon to commemorate a Catholic festival in the territory's capital, Dili.

"Let's work together to overcome the crisis of money, culture, morale and trust in the government, which is affecting Indonesia and East Timor."

In Jakarta, President Habibie declared Saturday: "We are going to keep East Timor what it is, an integrated part of Indonesia."

Earlier this month, Mr. Habibie said political autonomy for East Timor was not an option. "No, we will not let that happen," he said.

East Timor is a former Portuguese colony that was invaded by Indonesia in

1975 and annexed in the following year.

Mr. Gusmao's release is a key demand of the protesters and rebels who, in the haven of the rugged interior, continue their fight for independence.

"I'm really, really honestly considering releasing him and integrating all the Timorese who are still in the mountains [into] the society and to take care of them the same as other Indonesian people," President Habibie told the Japanese news service Kyodo.

Until now, Indonesian authorities have flatly rejected calls for the release of Mr. Gusmao.

Last week, Mr. Habibie freed 15 East Timorese political prisoners and suggested a special status for the territory in return for peace — an offer rejected by East Timorese activists.

Mr. Belo, who shared the Nobel Peace Prize in 1996 for his efforts to bring peace to East Timor, also appeared skeptical about the government's conciliatory moves.

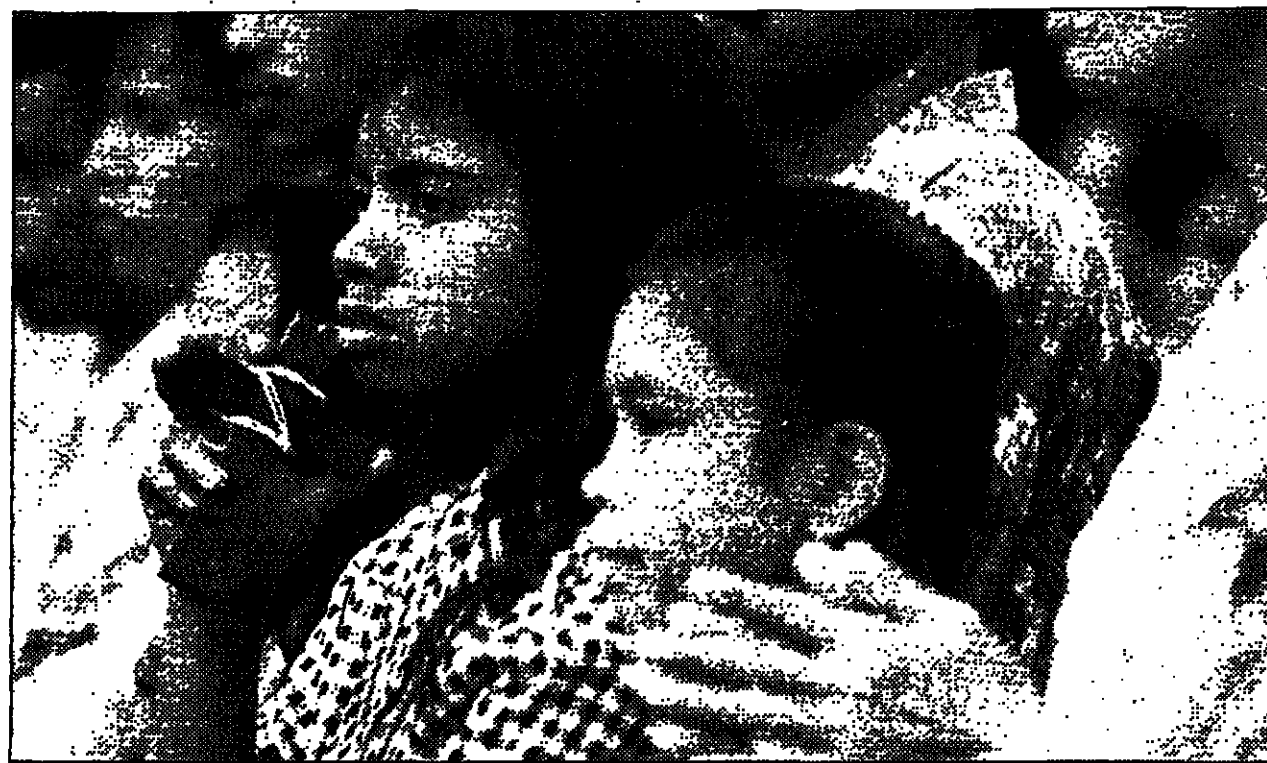
"I'd like to see first," Mr. Belo said Sunday. "It could be a transitional solution."

He insisted that detainees be freed.

Regarding the economy, Mr. Habibie said that pulling the country out of its worst economic troubles in decades would demand "concentrated and concerted action."

"If it depended on me, I would want to do it immediately," he said. "We could come out of this crisis, let's say, with the help of everybody, in one to two years."

Mr. Habibie, who came to power last



An East Timor parishioner holding a wooden cross as she listened Sunday to a sermon by Bishop Carlos Belo.

month, had not indicated before how long economic recovery might take. President Suharto, his predecessor, quit amid protests and riots triggered in part by the economic difficulties.

**A Protest Without Challenge**  
Cindy Shiner of The Washington Post reported from Dili:

More than 1,000 people, including a few aging resistance fighters, gathered Saturday at the University of East Timor for a demonstration that was remarkable for what did not happen, rather than

Unlike the years under Suharto, security forces did not harass protesters on the campus. Soldiers were nowhere to be seen as the shouted demands for independence.

"Vival!" they shouted, punching their fists into the air. They gathered on the back lawn of the campus and some sat on the school's roof, unfurling banners calling for the release of Mr. Gusmao or proclaiming "Death or independence!"

"This is a golden chance for us," said Jovensio Martinez, 37, who spent nearly

seven years in prison after a 1991 street demonstration during which security forces shot and killed at least 50 protesters.

"It's the first chance we get to express our feelings on how to solve our problems and decide our political future," he said. "We have been crushed down for 23 years."

Soldiers have refrained from trying to prevent campus protests, but they broke up a rally Friday by East Timorese at the Foreign Ministry in Jakarta, the Indonesian capital. (AP, Reuters)

## Rejecting Sanctions, Pakistan Bars Halt in Nuclear Program

Compiled by Our Staff From Dispatches

ISLAMABAD, Pakistan — Pakistan has warned that economic sanctions by the world's major powers will not force it to abandon its budding nuclear program.

"The policy to punish in order to push the nonproliferation agenda will not succeed," a Foreign Ministry spokesman, Tariq Altar, said Saturday. "It is unrealistic and based on a fictional notion of the realities in South Asia. Any sanctions will continue to remain unproductive."

India also responded angrily to the sanctions decided Friday by the eight major industrialized nations.

"Coercive and intrusive prescriptions are not only ill-advised but also counterproductive," the Indian Foreign Ministry said Saturday.

India said the industrialized nations had ignored its efforts to reduce tensions in the Asian Subcontinent, including a moratorium on further nuclear tests and offers to hold peace talks with Pakistan over Kashmir.

The Pakistani spokesman, meanwhile, said the international community should move quickly to draw up a blueprint to resolve the 51-year-old Kashmir dispute, over which India and Pakistan have fought two wars.

The uneasy neighbors fought a third war in 1971 over Bangladesh, then East Pakistan.

In an interview last week, Foreign Minister Gohar Ayub Khan of Pakistan

warned that a fourth conflagration on the Subcontinent would escalate into a nuclear war.

Pakistan and India have called for talks, but the offers have deteriorated into accusations.

At a meeting in London on Friday, the world's leading industrialized nations agreed to deny nonhumanitarian loans to Pakistan and India in retaliation for the nuclear tests. India detonated five nuclear tests on May 11 and 13. Pakistan followed with tests two weeks later.

On Sunday in London, the British foreign secretary, Robin Cook, said that India and Pakistan were less secure and faced greater poverty after their nuclear tests.

Mr. Cook, speaking in a BBC Television interview, said of the leaders of India and Pakistan, "They are not doing their own countries any good by proceeding down the road to a nuclear arms race." (AP, Reuters)

**Gadhafi Bid Reported**

The Libyan leader Moammar Gadhafi offered to pay India \$8 billion for a nuclear device after New Delhi's first nuclear test 24 years ago, the Times of India said Sunday, Agence France-Presse reported from New Delhi.

The Times of India quoted a defense expert, Bharat Karnad, as saying the Libyan "made two attempts to obtain nuclear weapons technology" between 1974 and 1978 but was rebuffed by then Prime Minister Indira Gandhi.

## Far Right's Success in Australia Forces Politicians to Take Note

Reuters

CANBERRA — Australia's political leaders moved into damage control Sunday after the stunning electoral debut by Pauline Hanson's One Nation Party.

Prime Minister John Howard said his conservatives and the Labour opposition could not afford to ignore One Nation's success Saturday in state voting in Queensland, where the ultra-conservative group won a quarter of the vote.

"There are clear lessons to be learned from the result," he said in a statement. "These include the genuine sense of vulnerability felt by many Australians during times of economic and social change."

In its first electoral outing, the 15-month-old One Nation broke the political dominance of Labour and Mr. Howard's Liberal-National coalition. It appeared ready to garner up to 12 of the 89 Queensland seats.

With the results clear in all but about 10 seats on Sunday, officials continued counting votes to see if Labour would wind up with a slim majority. If not, the pressure would be on the

established conservative parties to make an informal coalition of convenience with One Nation to rule the state.

Critics say the party's platform is vague and impractical, arguing against economic reforms, calling for drastic cuts in immigration numbers and pushing for freer gun laws.

"Glib one-line responses might work when a party is an outsider in an election campaign, but not once it holds seats in Parliament," Mr. Howard said. "There are, in truth, no simple solutions to Australia's challenges."

The Labour opposition leader, Kim Beazley, accused One Nation of misleading voters but said his party would have to work harder to convince people disillusioned by the government to support him and not Ms. Hanson. "I do think that a lot of One Nation voters don't really know what One Nation stands for," he said. "One Nation in reality is about race, and it's about guns."

Ms. Hanson did not run in the Queensland voting because she won a seat in the national Parliament as an independent in 1996.

## BRIEFLY

## Aid to Indonesia Hurts North Korea

BEIJING — Food shipments to North Korea are being threatened, as aid is diverted to Indonesia to support Jakarta in its financial crisis, a UN official said Sunday.

"There are competing demands in the world, especially in this region now with Indonesia," said Douglas Courts, the Pyongyang-based representative of the World Food Program.

North Korea is struggling to feed its 24 million people after three years of floods, drought and other natural disasters. Indonesia has been hit by falling wages and rising food prices that have sparked widespread riots, contributing to President Suharto's fall. (Reuters)

## Cyclone Threatens Epidemic in India

AHMEDABAD, India — Gujarat state faced the threat of an epidemic as the authorities tried Sunday to restore infrastructure damaged by a devastating cyclone.

The death toll in the cyclone that swept the Arabian Sea coast Tuesday mounted to 1,051, all but 11 in Gujarat, as officials sent out medical help to cure and prevent outbreaks of disease following the disaster. As many as 144 people were still missing in the port city of Kandla.

"There is a threat of epidemic in waterlogged areas, and we have sent out 282 teams of doctors along with paramedics in the entire state," a state government spokesman said in Ahmedabad. (Reuters)

## Kuomintang Halts Its Slide in Taiwan

TAIPEI (AFP) — Taiwan's ruling Kuomintang Party has halted the erosion in its power base.

In local elections Saturday, Kuomintang candidates won 3,520 seats in voting for 7,755 village and neighborhood chiefs, 45 percent of the total. Independents took 4,086 seats, or 53 percent. The Democratic Progressive Party won 116 seats, and the rightist New Party won 6. (AFP)

## For the Record

The police in Beijing have interrogated and threatened three dissidents who urged President Bill Clinton to press Chinese leaders on human rights during a summit meeting this month, a rights group reported. (AP)

He'd barely taken off from Lagos before he took out a big fat book. He put it aside when we brought him some tea and then suddenly started chattering away. He was on his way to visit his sons in England. The whole college was crazy about Sir Walter Scott, which explained why he was reading "Ivanhoe," he told us with a smile. In Zurich, he was planning to buy inline skates and snowboards for his boys. Perhaps that would be one way of bringing them back down to earth.

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INTERNATIONAL

# In Nigeria and Turkey, Government Makes Journalism a Hazardous Job

## The Lively Press of Lagos Holds Little Hope That Change of Leaders Will Ease Travails

By James Rupert  
Washington Post Service

LAGOS — At the grimy building in an industrial zone where Tell news-magazine rents its offices, it is not easy to find a reporter — and impossible to find an editor.

Advertising and circulation offices bustle, but the newsroom's phalanx of old, empty desks is silent enough for a coffee break or a nap. "We live and work underground," said Mikhail Mumin, one of only two Tell reporters at the office one day last month.

Nigerian publications that report most critically on this country's military government have had to practice their journalism underground. They hold editorial meetings in churches or public parks, lay out their editions on computers moved among "safe houses" and shift their print runs randomly among presses around this vast country.

That is because, in recent years under General Sani Abacha, who died last week, the military has proven determined to silence what African and Western journalists and intellectuals say is one of the most vigorous, professional presses in black Africa.

Many Nigerians say press freedom has become a key battle in a larger war between their military rulers and what is one of Africa's most developed civil societies. While countries in most of Africa are struggling to build the non-governmental institutions that can underpin a stable democracy — including professional, independent news media — Nigeria has more of them than other nations in the region, and has fought the military to keep them, African political analysts say.

"After General Abacha's death Monday and his replacement by General Abdulsalam Abubakar, 'we hope for change,'" said Akin Akingbulu, director of the Independent Journalism Center, which monitors press freedoms.

"Obviously, the first step would be to release journalists in jail," he said in a telephone interview. But in General Abubakar's first speech to the nation Tuesday night, "he avoided any mention of human rights issues," Mr. Akingbulu said.

"The pattern, when a new military leader comes in," Mr. Akingbulu said,

"is that he often relaxes the measures against the press to win approval. But after a few months, they usually resume" repression.

The New York-based Committee to Protect Journalists last month named General Abacha as the world leader most inimical to a free press. As of early May, the committee counted 21 Nigerian journalists in jail — some without being charged, others having been convicted in secret trials. During the month, four journalists were released, but several others were arrested, according to Nigerian news reports.

Nigeria's secret police, the State Security Service, routinely raid newspaper offices or abduct journalists at gunpoint on the streets and hold them incommunicado for months, demanding that they reveal names and addresses of colleagues or sources.

Journalists have been slain in suspicious circumstances unsolved by any official investigation. A top magazine editor was killed in 1986 by a mail bomb while, colleagues said, he was investigating alleged narcotics corruption by the previous military regime. In February, gunmen burst into the home of Tunde Oladejo, an editor at The Guardian, shot him and held his family at gunpoint while he bled to death on the floor, colleagues said.

In his offices in Abuja, Information Minister Ikeobasi Mokuolu recently denied that press freedom here is constrained.

"Nigeria runs one of the freest presses, if not the freest press, in the world," he said. Speaking of harassment of the press, he said that "if there are one or two cases, that should not be generalized."

But according to journalists and political scholars here, Nigeria's independent press has survived in spite of government policy. Many Africans and Westerners say Nigeria's press is black Africa's most vigorous and professional after post-apartheid South Africa.

Nigeria's massive population — a sixth of Africa's — and its early development of an impressive university system and large literate and intellectual classes bred a well-financed, competitive press "far ahead of anything else in the region," said Kabral Blay-Amihere, a Ghanaian newspaper publisher who heads the West African Journalists' Association.



An array of Nigerian daily newspapers and weekly newsmagazines, whose journalists have gone underground in order to publish.

sociation. Nigeria's first president, Nnamdi Azikiwe, nicknamed Zik, was a journalist who had plagued British colonial officials with a muckraking column called "Inside Stuff by Zik."

On the streets of Lagos, the country's journalistic nerve center, hawkers offer seven independent daily papers and five weekly newsmagazines.

Still, "within five years, General Abacha and his colleagues have decimated a 130-year-old industry" that is "one of the most important parts of civil society," said Kakana Korina, African coordinator at the Committee to Protect Journalists.

The government has been especially tough on weekly magazines — Tell, The News and Tempo — that investigate issues that Nigerian journalists said the government considers taboo. Several journalists were arrested, attacked or threatened after reporting on General Abacha's health.

### Talks on Civilian Rule End

Political sources said that talks between General Abubakar and political leaders on elections to complete a transition to civilian rule ended inconclusively on Sunday, Reuters reported from Abuja, Nigeria.

## Reporters in Ankara Who Challenge Taboos And Contradict Official Views Risk Prison

By Stephen Kinzer  
New York Times Service

ISTANBUL — A couple of dozen of Ragıp Duran's friends arranged a farewell dinner for him Thursday night at a restaurant in Istanbul's artistic Asmalimescir quarter. Spirits were high, jokes and stories were told and much Turkish food was washed down with much beer, wine and raki, the potent anise-flavored national drink.

Mr. Duran, a prominent journalist who has worked for several Turkish newspapers as well as for the BBC and Agence France-Presse, is not leaving Istanbul for an extended vacation. Nor has he taken a job or accepted a fellowship abroad. He is going to prison.

Turkey has some of the most restrictive press laws of any country professing democracy. Journalists who challenge long-established taboos risk falling afoul of the anti-terror law, which bans propaganda for Kurdish guerrillas or other groups that are considered threats to the nation. Under that law Mr. Duran, 43, has been sentenced to serve seven months in prison beginning Tuesday.

His case is far from unique. After a period of tolerance, the Turkish authorities imposed measures in 1993 intended to crush the Kurdish insurgency. Tansu Ciller, the prime minister at the time, authorized the deployment of hundreds of thousands of troops in the mostly Kurdish southeast, and they carried out intensive sweeps through guerrilla areas and evacuated hundreds of villages.

At the same time, a new crackdown on the press began and dozens of intellectuals and others deemed sympathetic to the guerrilla cause were killed by shadowy death squads. The murder campaign has all but ended, but the prosecution and imprisonment of journalists and intellectuals continue.

A court recently upheld the conviction of a leftist social critic, Haluk Gerger, who was imprisoned this year after he published an article portraying Kurdish guerrillas as authentic representatives of the Kurdish people.

Two weeks ago, police also picked up Esber Yagmurdereli, a blind lawyer who is facing a 22-year sentence for "spreading separatist propaganda," and returned him to jail. He had been freed for health reasons, but refused to submit to medical

examinations because he said he did not want to be "treated as a special case."

Over the last year, prosecutors have spread their net to include not just those who speak favorably of Kurdish nationalism, but also those who support Islamic causes. Recep Tayyip Erdogan, the mayor of Istanbul, is appealing a 10-month prison sentence for making a speech that judges found to be pro-fundamentalist. Another leading figure in Islamic politics, former Prime Minister Necmettin Erbakan, is the subject of several investigations.

At the farewell dinner for Mr. Duran, several Turkish journalists spoke bitterly of the European Union's decision in December not to consider Turkey's application for membership. They said it had led anti-democratic forces here to conclude that there was no reason for Turkey to ease its policy toward dissenters.

"The support of Europe has been extremely important to civilians in countries emerging as democracies, like Spain and Portugal," one journalist asserted. "But when it comes to Turkey, Europe just turns its back. How are we supposed to develop democracy here without any help from people who say they support our ideals?"

Mr. Duran's crime was to publish an article portraying Abdullah Ocalan, leader of the Kurdish guerrilla movement, as a thoughtful figure who "cites Zaratustra or Freud" and "gives a lot of importance to equality and fraternity." This contradicts the official view that Mr. Ocalan is a ruthless terrorist without redeeming qualities.

"Since the founding of our republic, four or five subjects have been established as taboos, and you can only write about them if you accept the official line," Mr. Duran said. "You are free to say that Kurds are Turks or that Kurds do not exist in Turkey, but if you try to understand the Kurdish problem and say that Kurds have rights, that is a problem."

"The second taboo is Islam, or any suggestion that the republic has not been able to wipe away the influence of Islam in daily life."

"The third is the role and function of the army in the Turkish government and state. Free discussion of the Armenian problem and its history is not possible, and the same is true about relations with Greece and Cyprus."

## OIL: Low Prices Hurt

Continued from Page 1

ening Western strategic interests in the Gulf. Mindful of such risks, leaders in the Gulf generally have avoided hard economic choices, preferring to cross their fingers and hope for a rise in oil prices. But government officials in the region are increasingly willing to acknowledge the shortcomings of that approach.

"The recent decline in oil prices may be a blessing in disguise for us," Mr. Saud, the Kuwaiti oil minister, said in a recent interview. "Although it has been difficult for us to do in the past politically, maybe we can search for alternative sources of income."

According to the International Monetary Fund, oil and gas contribute an average of 70 percent of government revenue in the six Arab monarchies — Saudi Arabia, Kuwait, Bahrain, United Arab Emirates, Qatar and Oman — that make up the Gulf Cooperation Council. The figure for Kuwait is more than 80 percent.

While accumulating vast personal fortunes, Arab rulers in the Gulf generally have been shrewd enough to spend lavishly on schools, hospitals, roads and other projects that benefit their citizenry. They also have guaranteed economic security: In Kuwait, for example, the government employs 93 percent of all Kuwaiti workers, augmenting their salaries with generous allowances based on family size. It also provides Kuwaitis with free land, 30-year interest-free mortgages and electricity at roughly one-eighth the cost of production, according to Jassem Sadoun, a former economist at the central bank who now runs a private consulting firm here.

In Kuwait and elsewhere, the arrangement amounts to a kind of social contract: The rulers take care of their subjects, who in turn do not contest the legitimacy of their power. Maintaining that contract was easy when oil prices were high, as in the early 1980s. More recently, however, it has come under strain.

Alarm bells rang in 1994, when a sharp drop in oil prices forced Saudi Arabia to cut wheat subsidies, contributing to a rare bout of political unrest that culminated in the arrest of several fundamentalist clerics and hundreds of their supporters. Even as oil prices bounced back, domestic critics in Saudi Arabia and elsewhere have accused their leaders of squandering billions on arms, mostly from the United States. Chastened by their experience of 1994, rulers in Saudi Arabia and other Gulf states generally have acted with restraint, avoiding new spending commitments while using excess revenue to pay off debt to contractors and other creditors. What they did not do, however, was take advantage of higher oil revenue in 1995 and 1996 to initiate the kinds of far-reaching structural reforms advocated by the World Bank and IMF.

When oil prices went up to \$22 a barrel, the Saudis were saying, "Okay, problem solved," said Kenneth Katzman, a specialist in Gulf security at the Congressional Research Service. "If they had said, 'This is a windfall, but we're still going to restructure anyway,' they would have been in a much better position."

But the latest dip in oil prices has only reinforced the message that Gulf states can no longer afford to coddle their citizens with generous subsidies and guaranteed jobs. Among other things, they simply cannot keep pace with population growth, now running at more than 3 percent in Saudi Arabia, for example.

It is no accident that those Gulf states with the least oil have the most diversified economies. Bahrain, for example, derives much of its limited oil revenue from an offshore field it shares with Saudi Arabia. So the ruling Khalifa family has pushed to attract other industries,



Helmut Kohl keeping dry at a Mass in Mainz on Sunday attended by more than 30,000 people.

such as ship repairing and financial services. With oil prices driven lower in recent months by weak Asian demand and a mild winter in the northern hemisphere, among other factors, Saudi Arabia and other members of the Organization of Petroleum Exporting Countries have taken steps to curb production to keep prices from falling further.

On the domestic front, the Gulf rulers are scrambling to rewrite their spending plans to reflect the lower prices.

Kuwait, for example, is contemplating a budget deficit of almost \$6 billion for the coming fiscal year: the government has been forced to defer payments into its Future Generations Fund, an international investment nest egg aimed at securing the country's long-term economic health.

"We planned to balance the budget by 2000," said Mr. Sadoun, the economist. "Now, it is just a mirage."

Besides short-term measures, governments have begun to address the challenge of economic restructuring, at least on the margins. The Saudi government, for example, announced plans last month to sell off the telecommunications industry and farm out power-generation projects to private investors. It is contemplating privatizing the national airline, Saudia, which by some estimates is 50 percent over-staffed. The government also has started training programs aimed at preparing young Saudis for jobs in the private sector.

In the same vein, the economy minister of Oman, Ahmed bin Abdul-Nabi Mekki, told a local newspaper last month that his government planned to reduce the oil industry's share of the gross domestic product to about 9 percent by 2020 from 41 percent currently. In Kuwait, meanwhile, cabinet ministers talk of turning their country into a free-trade zone while acknowledging the need to prepare their citizens for painful changes in the years ahead. "Every walk of life has been subsidized," Mr. Saud said. "We have to see how we're going to work through this."

## EUROPE: Kohl Is Expected to Take Hard Line on Bonn's Contribution to EU

Continued from Page 1

commission, struck back late last week, saying he was fed up with national politicians making the EU the "whipping boy for all ills." Europeans, he contended, want "more Europe to protect their health, they want more Europe in Kosovo, they want more Europe to protect their safety."

For many European officials, the desire of Mr. Kohl to be seen as standing up strongly for German interests was evidence of how weak he regards his own position as he enters the final stages of the campaign for German parliamentary elections on Sept. 27.

But perhaps more important, the new attitude from Bonn is seen as an implicit acknowledgment that Mr. Kohl has already stretched himself in signing Germany up to the single European currency despite serious public misgivings.

"He has to give a strong signal that now that Germany has given up the Deutsche mark, there will be a limit to the transfer of power to Brussels," said an official from the Netherlands, one of the smaller EU countries that is concerned about the new German skepticism.

As that comment suggests, the skepticism is likely to persist even if Mr. Kohl rallies against the odds to win an unprecedented fifth term as chancellor. Premiers from Germany's state governments pressed Mr. Kohl in Bonn last week to take a tough line on the EU budget, a clear sign that Germans across the political spectrum are fed up with paying nearly two-thirds of the Union's net budget contribution at a time when Bonn continues to provide more than 100 billion DM (\$55 billion) a year in subsidies to Eastern Germany.

And as does his Social Democratic challenger, Gerhard Schröder, most of Germany's political leaders hail from a younger generation that has little personal memory of the devastation of World War II, and do not share Mr. Kohl's instinctive attachment to the European Union as something that has rehabilitated the country economically and politically.

"Maybe the time has run out when they feel responsible, and willing to pay for past mistakes," an EU official said. According to figures for 1996, Germany paid 12.5 billion European currency units (\$13.6 billion) more into the EU budget than it received in farm and development subsidies, nearly four times as much as Britain, the next biggest net contributor. As a percentage of its gross domestic product, Germany paid about 0.65 percent, just behind the Netherlands but more than 10 times as much as France.

Finance Minister Theo Waigel has demanded a cut in Germany's contribution of about 7 billion Euros a year by capping net contributions at about 0.4 percent of GDP. He has won strong backing from the Dutch, the Swedes and the Austrians, who also are big contributors.

But if the German protest has won some grudging sympathy elsewhere, no one is rushing to fill their budgetary shoes. France and Italy, the wealthy countries that get the best deal out of the EU budget, have stayed mostly silent.

Prime Minister Tony Blair has vowed to defend the EU budget rebate that Margaret Thatcher won for Britain in 1984. And Spain, the biggest net beneficiary from the EU, has led the resistance to any budget changes.

No decisions will be made at the two-day meeting in Cardiff that opens Monday, but EU leaders will face some hard bargaining in the

months ahead. To keep their own budget process on track and prevent any delay in the enlargement negotiations with Eastern Europe, they must conclude a new five-year budget package by next March.

Ironically, Germany will hold the EU presidency then, a factor that will require Bonn to be more even-handed and less partisan, and which explains why Mr. Kohl is thumping the table now.

Even if EU leaders stick to the timetable, Germany's new tight-fisted stance will either mean a delay to enlargement, or less money for potential Eastern European members than poor countries have won in the past.

In a sign of the drift, EU officials now routinely talk of 2003 as the likely year when the first Eastern country will join the Union. A few months ago, the consensus bet was 2002.

Stanley Crossick, director of the Belmont European Policy Center, said current trends could push the first wave of enlargement to 2005. Germany's new budget stand "would, if anything, be a delaying factor," he said.

The summit meeting is expected to be a low-key contrast to the leaders' 11-hour marathon meeting to start monetary union last month. Indeed, it is a sign of the euro's transition from political football to an established feature of the landscape that no substantive discussions of monetary union are planned.

Still, there was some sideline skirmishing on Sunday as Mr. Chirac insisted that a Frenchman would take over as head of the European Central Bank in four years, while Mr. Santer insisted there was no departure date for the incumbent, Wim Duisenberg, who is Dutch. Mr. Chirac also voiced his opinion that Britain would join the single currency by 2002.

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## INTERNATIONAL

## U.S. and China Seek to End Targeting of Missiles at Each Other

By Steven Erlanger  
New York Times Service

WASHINGTON — As President Bill Clinton prepares for a summit meeting in Beijing this month, the United States and China are trying to negotiate an agreement to no longer target nuclear missiles at each other, senior U.S. officials have announced.

The officials also said that Washington was pressing China to codify its promises earlier this month to further restrict the supply of missile technology to Pakistan.

The Asia director of the National Security Council, Sandra Kristoff, is in Beijing trying to complete work on the substantive agenda for Mr. Clinton's visit, the first by a U.S. president to China since the crackdown on demonstrators at Tiananmen Square nine years ago this month.

Mr. Clinton is to leave Washington on

June 24, and the deadline of the visit is a great spur to the negotiations. But the Chinese, by past pattern, tend to make their hardest decisions at the last moment, U.S. officials say.

The United States tried to get a mutual detargeting agreement with China before President Jiang Zemin's visit to Washington last October, the officials said. But the effort foundered on China's insistence that detargeting be coupled with a mutual pledge of no first use of nuclear weapons in any crisis.

But U.S. strategic doctrine has always rejected pledges of no first use of nuclear weapons, because they are judged essentially meaningless and unverifiable. Also, during the Cold War, there was the real concern that NATO might have to use nuclear weapons to stop a big invasion by Warsaw Pact conventional forces into Western Europe, and Soviet suggestions of no-first-use pledges were always rejected.

"We're not going to change our doctrine in the context of China," a senior U.S. official said Saturday. "There are alliance reasons in Asia not to change it, as well," the official added, referring to the reliance of Japan and Southeast Asian nations on the U.S. nuclear umbrella.

Detargeting, though considered part of "confidence building" between nations, is essentially symbolic, since missiles can be retargeted again in a matter of minutes, experts in nuclear weapons have said.

In a post-Cold War show of good faith, the United States and Russia have announced that they no longer have missiles targeted at each other, but both sides admit that detargeting would barely slow a nuclear exchange — unlike the separate storage of missiles and warheads, for example, which some nonproliferation experts now advocate. Republicans in Congress have ex-

pressed shock that China has about 13 strategic missiles targeted on the United States, according to a CIA estimate reported in The Washington Times — a shock that surprises administration officials and Chinese experts, who say it is common knowledge that China has weapons targeted on the United States, and that the United States has many times more nuclear missiles aimed at China.

Among the key issues for the summit talks are those involving proliferation — China's exports of potentially dangerous equipment, materials, chemicals and technology to Iran and Pakistan, which recently set off nuclear-test explosions after those by India.

China, in the 1980s, was responsible for giving Pakistan the expertise, bomb design and fissile material to become a nuclear nation, and was sanctioned twice by the United States, in 1991 and 1993, for providing Pakistan with medium-

range missiles, the M-11, and missile parts.

China then pledged not to provide any more M-11 assistance under the Missile Technology Control Regime. While China has agreed to abide by the regime, which covers missiles that can carry a 500-kilogram (1,100-pound) warhead 300 kilometers (190 miles), it has refused thus far to sign it and its detailed annexes of banned dual-use equipment.

Chinese technological assistance to Pakistan continues, but Pakistan's recent Ghauri missile was produced with North Korean parts, not Chinese.

Another key issue for Mr. Clinton, arguably more important than detargeting, is to get China to codify its pledge to further restrict assistance to Pakistan. China made that pledge during a meeting of the five permanent members of the United Nations Security Council — China, the United States, Britain, France and Russia — on June 4 in Geneva.

## U.S. Warns Its Citizens of Risks in Gulf

Reuters

DUBAI, United Arab Emirates — The United States has told Americans in the Gulf to take extra precautions after an exiled Saudi dissident threatened to target all American citizens in his holy war against U.S. forces in the region.

"The U.S. continues to receive information from other sources which indicates planning for an attack against Americans in the Gulf," said an advisory issued by the U.S. Embassy in Riyadh. "Therefore the embassy again urges the American community in Saudi Arabia to maintain a high level of vigilance and alertness, a low profile, varying routes and times for required travel, and treat mail from unfamiliar sources with suspicion."

The U.S. embassies in the other five Gulf Arab states of Bahrain, Qatar, Kuwait, the United Arab Emirates and Oman issued similar advisories.

Osama bin Laden, a Saudi dissident living in Afghanistan, told ABC News in an interview broadcast Wednesday that all Americans, whether military or civilian, were targets.

Mr. bin Laden, who has been identified by the U.S. State Department as a major sponsor of what it calls Islamic extremism, is believed to have been a financier of the mujahidin who drove Soviet forces from Afghanistan in 1989.

U.S. officials last year branded him the prime suspect in a 1996 attack on a military housing complex in the eastern Saudi town of Khobar that killed 19 U.S. servicemen. He is also the leading suspect in a 1995 car bombing in Riyadh that killed five Americans.

Mr. bin Laden has denied involvement in the blasts.

In Bahrain, headquarters of the U.S. 5th Fleet, which patrols the Gulf, the U.S. Embassy told Americans to "continue to maintain a high level of security awareness."

## ELECT: Grass-Roots Democracy in China

Continued from Page 1

not allowed. In many places vote-buying and ballot-rigging are problems. Still, any resident may be a candidate for the freely elected village council, which has the power to levy taxes and manages local services and schools.

Mr. Wang estimates that he has visited about 1,000 villages, from Gansu Province, the gateway to China's far west, to Shaoshan in Hunan Province, where villagers gave him a small copper statue of their famous native son, Mao Zedong, the Communist Party chairman who ruled China like a latter-day emperor. The statue stands on his bookshelf at home, near an encyclopedic series on Chinese history and a Chinese translation of the 19th-century classic by Alexis de Tocqueville, "Democracy in America."

In every place he has visited, Mr. Wang has approached local officials with a disarming air about him, prodding them to adopt more open primaries and procedures to ensure voter privacy. At the same time, he has deftly worked China's bureaucracy, tapped into various personal networks, and at times called on old friends in provincial governments or in the national media to pressure recalcitrant local officials.

Building democracy, Mr. Wang said, "is like rolling snowballs."

"At first you have just a little bit," he said. "Then more and more."

In early 1995, the weather in Jilin Province was certainly cold enough for snowballs. Mr. Wang trekked there to observe elections in Lishu, a county he was cultivating as a model of rural democracy. Though it seemed as though the cold would lower voter turnout, Mr. Wang had learned that during good weather peasants are too busy in the fields to vote.

In Dongbaishan, population 1,300, people braved subfreezing temperatures to listen to candidates in a decrepit schoolroom with faded pictures of Albert Einstein, Madame Curie and other scientists staring down from the walls. Smoke seeped from a coal stove and mixed with cigarette smoke billowing from peasants.

The three candidates delivered campaign speeches. One spoke with a folksy style, and one sounded as though he were giving a Mao-era harangue. All obliquely criticized the financial expertise of the village party chief, who had frittered away \$1,200 on an ill-conceived pig-raising venture.

The party chief, the local leader for 20 years, dropped out after a disappointing showing in the primary. "My thinking can't keep up with the current thinking," he said.

"We need to build a democratic culture," Mr. Wang said. "Our tradition is that you don't speak out loud, you wait some years, have a revolution and overthrow the government."

No one in China believes that the world's most populous nation is on the verge of democracy as the West knows it. The most prominent democracy dissidents remain in jail, under surveillance or in exile.

Asked at his maiden news conference as prime minister about the possibility of holding elections at higher levels of government, Zhu Rongji said only that the government would study and consider it.

Mr. Wang said that if far-reaching political change would ever come to China, it would need a foundation. "If there is no foundation, there will be no pluralism," he said.

The experience of the former Soviet Union, viewed by the Chinese as a combination of political instability and economic collapse, serves as a cautionary tale. Mr. Wang said that the problem for Mikhail Gorbachev, the Soviet leader, was at the grass roots. "He didn't build any political culture for pluralism at the grass roots," Mr. Wang said. "He tried to impose it from above."

China's experiment with village democracy has become a favorite cause among Americans looking for a reason to hope that China is becoming more democratic. For a time, Mr. Wang became a common name on American guest lists. On his bookshelf, he has photos of himself meeting Vice President Al Gore and Brent Scowcroft, the former national security adviser.

But last year, Mr. Wang was suddenly reassigned to a job running disaster relief. Some people who know him say it was a normal job rotation. Others say he fell victim to jealous colleagues at the civil affairs ministry. Now he does everything from coordinating aid to flood areas to building a social safety net for the poor and unemployed in the cities. On the side, he still consults with local election officials and researches local elections.

"Disasters are no problem," he said. "They're not like democracy. They're not as dangerous."

NEXT: A cultural figure transforming China.



A poster in Beijing promotes a video about the trips by the U.S. and Chinese presidents to each other's country.

## ECONOMY: Weakness of Yen Holds Possibility of New Trauma Emerging From Crisis

Continued from Page 1

ing markets stand to be tested yet again.

"If matters were to stop there it would be grave enough. But investors are now also seeing the real possibility of serious credit losses out of Asia," he added, raising the prospect of a crisis that will be intensifying as it widens.

The one depressing point on which all analysts appear to agree is that there is little likelihood of any new policy action in Japan until after the July 12 election for the upper house of the Diet.

For analysts at Lehman Brothers as well as J.P. Morgan, it is now increasingly a question of "when" China devalues the yuan rather than "if" — a development that would add to the region's problems.

This is the one issue on which opinion is deeply split. Paul Meggyesi at Deutsche Bank in London thinks that with China not a direct competitor of Japan on world export markets "China may be willing to trade off the devalu-

ation card to extract concessions in other strategic areas such as membership in the World Trade Organization."

Although Japan's huge spending package will begin to feed into the beleaguered economy starting at the end of the month, experts fret that the size of the spending looks less impressive as the size of the problem shows no sign of stabilizing.

"The huge fiscal package makes for great arithmetic," said Jesper Koll at J.P. Morgan in Tokyo. "It will no doubt boost activity so that the economy will be growing at an 8 percent annual rate in the third quarter."

But, he added, it is still inadequate economics as "it is not likely to trigger a sustained recovery in private sector spending" that is needed to get the economy moving.

Meanwhile, with the yen falling last week to an eight-year low against the dollar, analysts are busily reworking their estimates on how weak it will get. With the consensus rapidly moving up to the 160 yen area, Mr. Koll, a leading

bear, is now looking for 180 yen by year's end.

The yen's weakness has repercussions throughout Asia. A more competitive yen makes an export-led recovery more difficult for such countries as South Korea, which compete directly with Japan. For the region, as well as Japan, the currency's weakness worsens a credit crunch already in full swing.

Richard Koo at Nomura Research Institute in Japan estimated that "for each one-yen-per-dollar decline in the value of the yen, Japanese banks have to cut their assets by about 1 trillion yen. A five-yen depreciation, therefore, means a 5 trillion yen credit crunch, which is equivalent to 1 percent of gross domestic product."

Mr. Koo added, "A decline in the yen fuels the credit crunch because it raises the yen value of the assets held abroad by Japanese banks — most of which are denominated in dollars."

With foreign assets of more than \$1 trillion, the depreciation of the yen results in a huge deterioration in the banks' capital-adequacy ratios measured in yen.

The pressure on the capital-adequacy ratios is exacerbated by the decline in the Nikkei stock average since unrealized capital gains on stock holdings are allowed as a portion of the Japanese banks' capital.

Meanwhile, with public funds having been used to strengthen the banks, Mr. Koo said that "it has become politically difficult for the banks to openly persist with the credit crunch at home. As a result, Japanese banks are cutting assets outside Japan, especially in Asia and the United States" to shrink their holdings to fit their capital base.

Increasingly, foreign analysts now are joining Mr. Koo in urging that public money be used to relieve the banking system of its bad loans — just the way it was done in the United States and the Nordic countries — as a necessary step to get the economy moving.

But in the political vacuum preceding the mid-July election, analysts see only further weakness of the yen and the only question is just how devastating this is likely to be for the rest of the world.

## BALKANS: NATO Aircraft Deploying to Back Up Kosovo Policy

Continued from Page 1

with the Kosovo Muslim citizens about new arrangements for the province.

Ahead of the talks, Mr. Cook offered a direct message to Mr. Milosevic: "He must not imagine that the international community is going to make the same mistake that it did in Bosnia when it left it too late to intervene."

"We have learned that lesson," Mr. Cook said in a phrase that summed up calls for action voiced this weekend by several leaders, including President Jacques Chirac of France.

NATO's secretary-general, Javier Solana Madariaga, said in Rome: "On Kosovo, let me be quite clear that NATO will not stand idly by. We will not allow a repeat of the situation in Bosnia in 1991."

And the U.S. secretary of state, Madeleine Albright, on Sunday called the bloodshed in Kosovo "unacceptable," and said the world was determined to prevent another Bosnia.

Despite French sensitivities about seeing NATO gain too much visibility as the key body in European security, Paris has said that it will send fighter-bombers to participate in the aid exercise.

Committing airpower to a quasi-combat situation for the first time since World War II, Germany is sending Tornado fighter-bombers to fly in the operation. Some of the planes will operate off a U.S. carrier in the Adriatic, with others, including the AWAC's command-and-control aircraft, will fly from allied bases, Italy, Belgium, Britain, Italy, the Netherlands and Spain rounded out the list of countries that have announced their participation in the 40-plane exercise, called "Determined Falcon."

The demonstration of ready airpower, ahead of wargames involving ground forces in the coming weeks along Kosovo's borders with Albania and Macedonia, is designed to convince Mr. Milosevic that the West is ready for steep escalation if he makes it necessary.

Russian objections, one of the major obstacles to military intervention, could melt if Mr. Yeltsin tries and fails to extract concessions from Mr. Milosevic.

Then Mr. Yeltsin might feel able to say that he had no choice but to acquiesce in calls for military intervention as the price for getting help from the United States and its allies to save the foundering ruble and Russian economy.

What Western governments want, diplomats said, is for Russia to abstain in the Security Council, clearing the way for a UN resolution authorizing the use of military force in Kosovo.

But the possibility of NATO military action even without a UN mandate has emerged in discussions among allied leaders and gained powerful momentum Sunday when Germany seemed to acquiesce in the idea.

Getting a UN authorization could take too much time, so "we must recognize that we may not be able to obtain such a mandate quickly and that Milosevic will use that time for further murder, destruction and expulsion," Defense Minister Volker Ruhe said in an interview to

be published Monday in Bild newspaper, a mass-circulation daily.

As refugees continued pouring over the borders of Kosovo in numbers amounting to perhaps 1,000 a day, Albania received four cargo flights and a cargo ship bringing emergency relief supplies, including plastic sheeting for makeshift shelters, mattresses and cooking oil.

## Kosovo Clashes Spread

Clashes escalated along several Kosovo fronts on Sunday, with Serbs and Albanians accusing each other of starting a series of incidents, The Associated Press reported.

In Pristina, the Kosovo information center, which is close to the pro-independence ethnic Albanian leadership, said Serbian forces launched 500 grenades into villages in the Decani area in western Kosovo on Sunday. In what appeared to be another crackdown on armed ethnic Albanian secessionists.



A Kosovo ethnic Albanian being comforted by his grandmother after having reached Albania by crossing over rugged mountains under the control of Serbian police units and soldiers.

## TRIBUNAL: Jurists Meeting in Rome to Establish an International War Crimes Court

Continued from Page 1

"norm-declaration" — formally setting rules for human conduct — the Rome delegates will put together an intricate piece of legislation riddled with unresolved issues.

"I'm not sure we've seen a treaty negotiation under UN auspices going into the final conference with so many big issues unresolved," said a senior U.S. official, who requested anonymity.

At the heart of many of the debates will be the issue of sovereignty and how much of it countries are willing to give up.

Those pushing for a court with the broad prosecutorial powers and judicial independence frame their arguments around the crimes and the criminals who would be brought to justice.

"The world has seen 250 conflicts since World War II and 170 million victims, and most of the perpetrators have benefited from impunity," said M. Cherif Bassiouni, author of the draft treaty and head of the drafting com-

mittee at the conference. "The people want accountability."

Most nations favor some kind of criminal court. But governments, especially those of the United States, France and other major powers, also view the treaty through the lens of a potential defendant.

An American scholar close to the drafting process compared the criminal court negotiations to the contentious ones that led to the establishment of the World Trade Organization. He put the dilemma this way: "How can we defend ourselves against phony claims and still be able to bring bona fide claims against other countries?"

Like factions in many major-power governments, the Pentagon and the State Foreign Relations Committee, led by its chairman, Jesse Helms, Republican of North Carolina, focus on a more specific challenge posed by a criminal court: Would the United States ever permit its citizens, notably professional soldiers, to stand trial before a "higher" court of criminal law?

"It's the My Lai syndrome," said the

scholar, referring to the Vietnam War's most memorable case of U.S. atrocities against civilians. If Lieutenant William Calley had been acquitted, he asked, "could a permanent court in The Hague have prosecuted him?" And could such a court have prosecuted Robert McNamara, who was then secretary of defense? he asked.

Mr. Helms has said such a treaty would be dead on arrival at its committee, a key passage in its path toward Senate ratification.

Joined by France, Canada and other countries, American negotiators led by David Scheffer, U.S. ambassador for war crimes issues, will be pressing for treaty language that guarantees that states have first crack at trying such cases.

The questions left for the negotiators to settle here are legion, beginning with basic definitions of what constitutes genocide, crimes against humanity and war crimes, the core crimes of the statute.

What would be covered? Inhumane treatment? The taking of hostages? Sexual slavery? Starvation of civilians?

Compelling prisoners to fight for you? Preventing births within a victim group? Damage to the environment? Committing outrages against personal dignity, such as South Africa's former apartheid system of racial separation? All these considerations remain unsettled.

More politically sensitive yet are possible trigger mechanisms for prosecution: Who would have the right to ask for an investigation of a crime — the UN Security Council? The state where the crime occurred? What about war crimes that take place in states that are not party to the treaty? (China, among others, probably will not be a signer.)

"There is more to fear from an impotent than from an overreaching prosecutor," said Louise Arbour, chief prosecutor of the United Nations' twin ad hoc criminal tribunals for the 1992-95 war in Bosnia and the 1994 genocide in Rwanda.

One point has been resolved: The court will only try genocide and war crimes that occur after the treaty goes into force, after a ratification process that could drag into 2000.

## Danes Inaugurate Europe's Longest Suspension Bridge

Compiled by Our Staff From Danmarks

COPENHAGEN — Queen Margrethe II opened Europe's longest suspension bridge Sunday, the East Bridge over the Great Belt waterway, linking eastern and western Denmark.

The bridge establishes the first road link between eastern Denmark — the island of Zealand, which includes the capital, Copenhagen — and the Jutland Peninsula, the western mainland of the small Nordic country.

With a main span of 1,624 meters (5,328 feet), the East Bridge is Europe's longest suspension span and the second longest suspension bridge in the world. The longest is the Akashi Kaikyo Bridge in Japan, which opened in April and which spans 1,991 meters between its towers. The previous European record holder was the Humber Bridge in England (1,410 meters).

Built over a 10-year period at a cost of 38 billion crowns (\$5.6 billion), the new East Bridge rises to 72 meters above sea level at its midpoint.

Queen Margrethe opened the bridge for road traffic to the cheers of more than 10,000 people.

"We'll now cross the country in one zip with the skies above us and the sea under us," Queen Margrethe said.

After the ceremony, the queen and her husband, Prince Henrik, drove across the bridge. The royal motorcade stopped at the highest point. The queen threw flowers into the sea in memory of the seven workers who died during the construction work.

The crossing will now take about 10 minutes — less than a fifth of the time it took to sail.

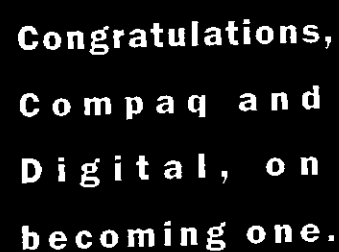
The toll for the overall 18-kilometer drive is 210 kroner (\$30), while a one-way ferry crossing costs 335 kroner. (Reuters, AP)

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# U.S. Gulf

United Arab Emirates  
United States has told Arab  
Gulf to take steps to  
prevent an exiled Saudi  
government from being  
restored to power.  
citizens in his holy  
forces in the region.  
S continues to insist  
from other  
countries planning for  
American in the  
an adviser said.  
Embassy in London  
The embassy has  
American community  
to maintain a  
and advised  
warning regime  
travel, and  
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Eritrea Accepts  
To End Border V



## INTERNATIONAL

## Eritrea Accepts Talks To End Border War

Compiled by Our Staff From Dispatches

ASMARA, Eritrea — Eritrea said Sunday that it was ready for face-to-face talks with Ethiopia to seek an end to an undeclared border war with its former ally in which hundreds of people have died.

President Isaias Afewerki told a visiting Italian presidential envoy, Rino Serri, that he was ready to hold direct talks with Prime Minister Meles Zenawi of Ethiopia.

A senior Eritrean official, Yemane Ghebremeskel, said that his country also wanted a "broadened sphere of negotiations."

Mr. Serri later flew to the Ethiopian capital, Addis Ababa, where diplomats said that he immediately went into a closed-door meeting with Mr. Meles. Mr. Serri made no statement to the media before meeting the Ethiopian leader.

Ethiopia had previously rejected calls for direct talks, saying Eritrea must withdraw its troops first.

The territorial dispute between the two Horn of Africa neighbors simmered for months before boiling over into violence on May 6.

Ethiopia claimed on Sunday to have killed or wounded 10,990 "enemy soldiers," captured 150 troops and seized thousands of light and heavy weapons on the Badme, Zala Ambessa and Assab fronts.

"Damage to our forces was minimal compared to enemy losses," an Ethiopian government spokeswoman, Selome Tadesse, said. "Figures will be available shortly." The claim could not be independently confirmed.

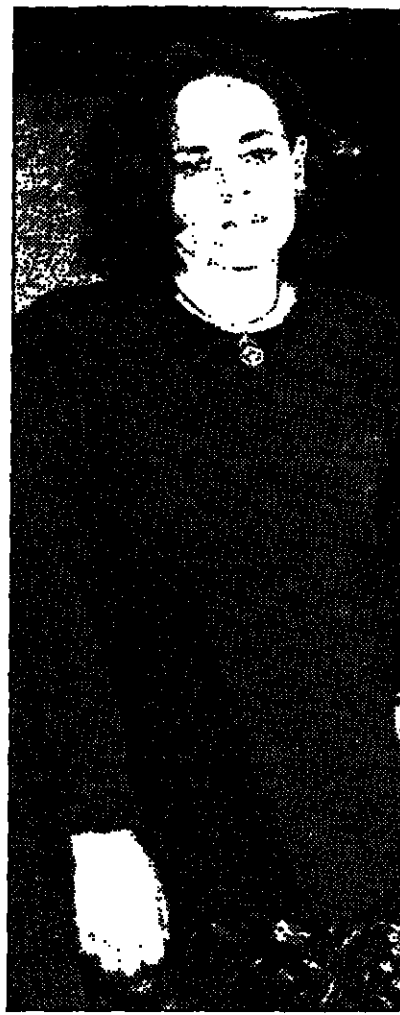
Witnesses said last week that Eritrea had occupied the Ethiopian village of Zala Ambessa, and each side accuses the other of violating its territory in a war being fought on three sectors of their 1,000 kilometer (621-mile) frontier.

An Ethiopian local official in the town of Inda Silase said Saturday that the dawn invasion early last month by Eritrean forces, in what has become a front near the towns of Badme and Sheraro, caught everyone by surprise.

"We had not one soldier of the Ethiopian Army in the area when Eritrea invaded," said Kiros Bietool, the chief administrator for Western Tigre Province, which includes Badme.

There were no reports of any further fighting on the border on Sunday.

In Asmara, Mr. Serri described his 90-minute meeting with Mr. Afewerki on Saturday night as "very encouraging." He said Italy viewed peace proposals from Rwanda and the United States as "a good starting point to negotiations." (Reuters, AP)



Margalit Har-Shefi walking into court in Tel Aviv on Sunday.

## Friend of Rabin's Killer Convicted of Complicity

Compiled by Our Staff From Dispatches

TEL AVIV — A young woman who was a friend of the killer of Prime Minister Yitzhak Rabin was found guilty by an Israeli court Sunday of failing to prevent the 1995 assassination.

A Tel Aviv judge said the woman, Margalit Har-Shefi, 23, knew that Yigal Amir, 28, had been stalking Mr. Rabin for months.

Judge Nira Lidski set sentencing for Sept. 15. The charge carries a maximum jail term of two years.

Leah Rabin, widow of the slain Israeli leader, welcomed the verdict, saying, "What I see in the conviction today is one small beam of light that not everything is lost in our world."

The prosecution said Mr. Amir boasted to Ms. Har-Shefi that he was planning to assassinate the prime minister in order to stop the peace process and the handing over of land to the Palestinians. Mr. Amir is serving a life sentence.

Ms. Har-Shefi pleaded innocent, telling the Tel Aviv Magistrates Court she did not believe Mr. Amir really intended to kill the prime minister.

But the judge said there were contradictions in Ms. Har-Shefi's testimony and that it was clear that she was aware of the intention.

"She took him seriously, not as a liar indulging in fantasies," she said.

The judge noted that on the night of the murder, when Israel Radio reported that the killer was from Mr. Amir's home town, Herzliya, Ms. Har-Shefi immediately telephoned Mr. Amir.

Ms. Har-Shefi testified that Mr. Amir, a right-wing extremist, told her that religious precepts permitted him to kill Mr. Rabin because the prime minister's plans to hand over territory to the Palestinians threatened the security of Jews.

Mr. Rabin was shot to death at a peace rally in Tel Aviv.

Judge Lidski said, "Only one conclusion can be made from all the evidence and that is that the defendant knew Yigal Amir was planning to commit a crime, that is to say to murder the prime minister."

The judge said Mr. Amir told Ms. Har-Shefi about two occasions in which he set out to kill Mr. Rabin but failed.

"In light of all this I convict the defendant of failing to prevent a crime," the judge said.

Mr. Amir's brother and another friend were convicted previously as conspirators and sentenced to 5 to 12 years in prison.

Six months after the killing, Israelis narrowly elected the Likud leader Benjamin Netanyahu as prime minister over Mr. Rabin's Nobel Peace Prize co-recipient, Shimon Peres. (AP, Reuters)

## Hamis Chief May Return to Gaza

Agence France-Press

GAZA — Sheikh Ahmed Yassin, founder of the Islamic militant group Hamas, will be allowed to return to his home in the Gaza Strip after a four-month tour of the Middle East, a Hamas official said Sunday.

"An official in the Palestine Authority told us that Sheikh Yassin could return to the Gaza Strip as of Friday and not Monday," the official said.

"He asked to us to make arrangements so that the security conditions for his return can be coordinated between the Palestine Authority and Israel."

Sheikh Yassin was in Sudan on Sunday and has been promised an entry visa for Egypt, from where he could travel to Gaza, according to the Hamas representative in Khartoum, Jamal Eissa.

According to Egyptian officials, "Sheikh Yassin will be welcome in Egypt and he can stay for any period of time he wishes."

Prime Minister Benjamin Netanyahu of Israel indicated on Friday that the Israelis would allow Sheikh Yassin to return to the Gaza Strip but said a final decision had not been made.

Hamas threatened Israel with a wave

of violence if Sheikh Yassin was prevented from returning home. The Palestine Authority also warned that a ban could signal the end of the already faltering peace process.

The sheikh's tour has taken him to Iran, Kuwait, Qatar, Saudi Arabia, Sudan, Syria, the United Arab Emirates and Yemen.

According to the Israeli press, the sheikh has raised \$50 million for the Hamas organization's operations.

The trip came as Mr. Arafat has had to deal with rising frustration among Palestinians over the deadlock in the peace process, blamed on the intransigence of the rightist Mr. Netanyahu.

Mr. Yassin infuriated Israeli officials during his tour by calling for continued attacks, including suicide bombings, against the Israelis.

But President Ezer Weizman of Israel said last week that Sheikh Yassin's return to autonomous Palestinian territory would enable Mr. Arafat to monitor him.

"It is better that he be near us," Mr. Weizman said, "because Israel does not have the means to control his activities in the Arab countries."

## BOOKS

## FAMILY MAN

By Calvin Trillin. 184 pages.  
\$20. Farrar Straus Giroux.

Reviewed by Jonathan Yardley

CALVIN TRILLIN is like an old shoe. Whatever he may be writing about, he always makes you want to slip into it and get comfy. This may seem like a modest compliment, but it is a high one indeed. Few tricks are more difficult for the journalist to pull off than being consistently likable and engaging, making oneself and one's little world interesting and appealing to others.

Over more than three decades and nearly 20 books, this is just what Trillin has done. He has written with brio about food and his own passion for it; about his wife, Alice, of whom someone once said, "They're like Burns and Allen, except she's George and he's Gracie"; about his late father, and about a friend who died too soon. Most of the time he is amiable and funny, but as with all real humorists there is an undercurrent of darker things in his work; he rarely calls attention to it, but the reader senses it.

To wit, in this account of his life as father to two daughters with whom he is quite hopelessly besotted, Trillin takes rueful note of the passage of time: "Looking back, it seems remarkable how quickly (he and Alice) passed from the time when we were advising them what to watch to the time when they were advising us what to listen to." The

girls are children only for a while; their passage into adulthood, as Trillin gently reminds us, is exhilarating for them and us, but painful as well.

There's not much pain, though, in "Family Man." It's a discursive book that begins in one place and ends at another. Some editor may have suggested to Trillin — maybe he thought it up all by himself — that he ought to write a lighthearted book about child-rearing, as Bill Cosby did some years ago to such charming effect in "Fatherhood."

Whatever the case, Trillin begins with the unexceptionable observation that "getting advice on the best way to bring up children is like getting advice on the best way to breathe, sooner or later, you're probably going to forget it and go back to your regular old in-and-out. And along the way he takes a few well-aimed swipes at the child-rearing police, but mostly this is just a reminiscence of what it was like to be the father of Abigail and Sarah Trillin.

Trillin is now in his early sixties, and he came to fatherhood at a time when a great rush of products — Pampers, Velcro, Smugli — made the job a lot easier.

"Whether it was snowsuits or diaper pins, what I was getting at is the importance of what you might call baby technology. By chance, our children arrived during a period of enormous technological advances in the care of babies; Abigail and Sarah were like a couple of natural-born manufacturers wandering into Birmingham or Leeds just in time

for the industrial revolution. Disposable diapers were introduced. Someone invented umbrella strollers — the sort that fold up into something not much larger than a shooting stick. The Jolly Jumper, a sort of seat on springs that hung in a doorway, went on sale."

If this makes Trillin seem a state-of-the-art parent, the impression is false. He lives in a hip city (New York) in one of its hippest neighborhoods (Greenwich Village), but he is an old-fashioned man whose heart is still in Kansas City and whose notions of how children are reared were shaped by his own upbringing. As he writes, he and Alice "were lenient about small matters and strict about large ones. We never had to talk about which was which."

One thing that unquestionably makes for a good parent is the survival into adulthood of one's own childhood. When Trillin writes about dressing up for Halloween, there's reason to believe that this was every bit as much fun for him as for the girls — which, one assumes, is an important part of why they had fun.

The book is somewhat less successful than the father. "Family Man" is always enjoyable, as Trillin himself always is, but there's a lot of recycling in it: extensive quotations from previously published columns for Time magazine, poems for the Nation, extracts from books. Self-quotation is a risky business; Trillin doesn't need to bother with it, and it's a pity he did.

Washington Post Service

## BRIDGE

By Alan Truscott

ONE of the country's leading clubs recently completed a metamorphosis. The Beverly, which has been on the East Side of Manhattan for 40 years and was for a time the biggest anywhere in terms of total tables, is now on the West Side. Its new home, beautifully furnished, is in Hampshire House at 150 Central Park South. The principal proprietors, Joan Dzikowski and Bob Blanchard, have worked furiously to prepare for the opening while mourning the death on May 22 of their chief duplicate director, Erik Berger.

The Beverly will eventu-

ally be a membership club, but everyone can enjoy it for the next few months.

For a quarter century, until his death in 1994, Jim Becker was the owner and manager of the Beverly and a very popular figure in the world of bridge. On his favorite deal, shown in the diagram, he succeeded in making a trump trick disappear, a feat of which any conjuror would be proud.

He favored the Precision System, and his partner, Jim Hamilton, therefore opened the North hand with a strong artificial one-club bid. They landed in six hearts, which apparently needed a winning diamond finesse and a normal three-two trump split.

But appearances were deceptive. A diamond was led, and when the finesse of the queen succeeded, the first hurdle had been cleared. South led a heart to the king and judged that West's heart queen was a singleton because he was known to have length in both minor suits.

South cashed the ace-queen of spades and the ace of diamonds. He then ruffed a diamond and cashed the spade king, throwing a club from dummy. He then ruffed a spade and cashed his two club winners, ending in dummy. East's last three cards were the jack-nine-eight of trumps, and when the last diamond was led from dummy, he had

to ruff and lead from his jack into the ace-10. Two natural trump tricks had turned into one, and the slam was made.

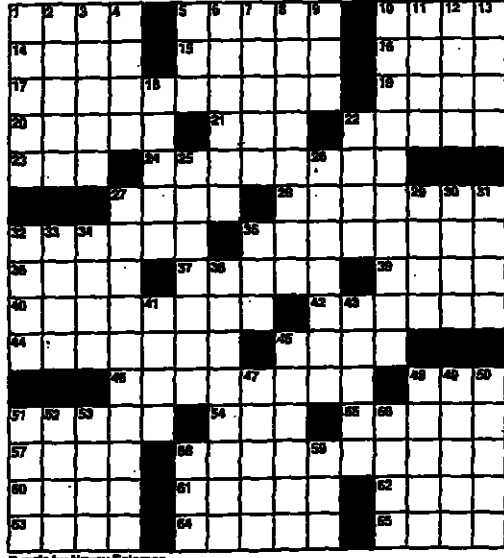
NORTH (D)			
♠ A Q	♥ J 8 5	♦ J 8 5	♣ J 8 5
♠ K 10 5	♥ K 10 5	♦ K 10 5	♣ K 10 5
♠ J 6 5 4 2	♥ J 6 5 4 2	♦ J 6 5 4 2	♣ J 6 5 4 2
SOUTH			
♠ K 10 7 3 2	♥ K 8 4 3	♦ 7 6	♣ 7 6
♠ 7 6	♥ 7 6	♦ 7 6	♣ 7 6
♠ 7 6	♥ 7 6	♦ 7 6	♣ 7 6
♠ 7 6	♥ 7 6	♦ 7 6	♣ 7 6

West led the diamond five.

## CROSSWORD

- ACROSS**
- Sound astonished
  - "Hound Dog" man
  - Chicken bite
  - "Tell Me" My Heart" (1987 hit)
  - Nickels and dimes
  - Author Hunter
  - One who runs a jail
  - Fiddler while Rome burned
  - Alpha's opposite
  - school (doctor's training)
  - Chronicle nag
  - Twisty curve
  - Broach, as a subject
  - Toe woe
  - Direct path
  - Gas pump rating
  - Add to the measure
  - Unclad
  - Something to believe
  - Kleine Nachmusik
  - Overseas
  - TV's Greene and Turner
  - Seasoned vets
  - Planiat Myra

- DOWN**
- First in time
  - Long time
  - Hardly any
  - Chicken king
  - Wanted
  - Walk the waiting room
  - Sauting, last-style?
  - Partner of "done with"
  - Poke fun at
  - Singer Adams
  - Kennedy and Turner
  - Viper
  - Views
  - Put back on the agenda
  - "Animal House" GP
  - Blender maker
  - Final transport
  - Story of Achilles
  - Put up with
  - Magical wish granter
  - Noses (out)
  - TV commercial
  - Safe home
  - Scored 100 on
  - Tournament passes
  - Train terminal: Abbr.
  - Not again



Puzzle by Nancy Salzman

**Solution to Puzzle of June 12**

**ACROSS**

- SHOCK
- BOOGY
- WING
- TELL ME
- NICKELS
- HUNTER
- JAILER
- FIDDLER
- ALPHA
- SCHOOL
- CHRONICLE
- SWIRL
- PROBE
- TOE
- STRIP
- GAS
- ADD
- UNCLAD
- FAITH
- KLEIN
- OVERSEAS
- TV
- SEASONED
- PLANIAT

**DOWN**

- FIRST
- LONG
- HARDLY
- CHICKEN
- WANTED
- WAITING
- SAUTING
- PARTNER
- POKE
- SINGER
- KENNEDY
- VIPER
- VIEW
- PUT
- AGENDA
- ANIMAL
- BLENDER
- TRANSPORT
- ACHILLES
- PUT
- MAGIC
- NOSE
- TV
- SAFE
- SCORE
- TOURNAMENT
- TRAIN
- AGAIN

## Reg Smythe, 81, Dies; Creator of 'Andy Capp'

The Associated Press

LONDON — Reg Smythe, 81, the cartoonist who created the comic strip "Andy Capp," died of cancer Saturday, Britain's Press Association reported.

Mr. Smythe drew his stories of Capp, an idle male chauvinist, from the northern England town of Hartlepool, where he lived his entire life.

Mr. Smythe once said he modeled Capp's character on his father and Capp's long-suffering wife, Flo, on his mother.

Ken Layson, cartoon editor of the Daily Mirror, where the strip began running in 1957, said Mr. Smythe left a year's worth of cartoons.

The character eventually was featured on the stage musical and became a TV series in Britain.

Jeanette Nolan, 86, Radio, Film, TV Actress

NEW YORK (NYT) — Jeanette Nolan, 86, who began her film career in 1948 as Lady Macbeth opposite Orson Welles and is now being seen as the mother of the character played by Robert Redford in "The Horse Whisperer," died on June 5 in Los Angeles.

Miss Nolan's 70-year career in acting also included roles in theater, radio and television.

In the 1930s, long before Montana became a popular hideaway for show business stars, Miss Nolan and her husband, John McIntire, an actor whom she married in 1935, maintained a log cabin in the Rockies 3 miles (5 kilometers) from the Canadian border and 14 miles from the nearest mail drop.

There they watched the stars through a skylight in the roof, fished for trout off the back porch, bagged an occasional bear or deer for food, trapped beavers (whose fur became a coat for Miss Nolan), and weathered temper-

atures of 55 below zero (-48 degrees centigrade).

She baked her own bread, churned her butter, and, in one year, she said, put up 500 quarts of vegetables, fruit and venison.

When the couple needed to replenish their capital, — Mr. McIntire said all you needed in Montana was a \$200-a-year grubstake — they would go to New York and star in radio programs.

After Miss Nolan made her film debut in "Macbeth," she appeared in more than 20 films and 300 television programs.

Joe Dixon, 81, a Jazz Musician for 50 Years

NEW YORK (NYT) — Joe Dixon, 81, a clarinetist and saxophonist who played with many of the great jazz ensembles during a career that began in the 1930s and lasted about 50 years, died on May 28 at his home in Ocean-side, New York.

Mr. Dixon joined the Tommy Dorsey Orchestra in 1936 and also played with Bunny Berigan, performing on more than 100 recordings by the time he was 21.

After a brief stint with Fred Waring's Pennsylvanians, he joined the Navy during World War II and played with Eddie Condon's band while stationed in New York. After his discharge, he worked with the CBS staff band and with the NBC Orchestra before joining the faculty of Adelphi University on Long Island in 1977.

Richard Bodig, 75, an economist who was also a linguist, a singer and a student of early music, died on May 26 in New York. Fluent in 10 languages, he translated 16th-century and 17th-century manuscripts on performance practice from Italian and German into English and in 1995 published a collection of Renaissance duets. (NYT)

## BRIEFLY

## Lebanon Elections Go to Last Round

BAALBEK, Lebanon — Lebanese voted Sunday in the final round of local elections, the first in 35 years, which were seen as a test of whether democracy can help eliminate sectarian rivalries lingering from 15 years of civil war.

Security was tight. Armored personnel carriers and troops were stationed near polling stations. Tanks were seen in some areas of the Syrian-policed eastern Bekaa Valley, where the fourth stage of the elections was being held.

Official results were expected to be announced Monday or Tuesday. (Reuters)

## Muslim Rebels Kill 4 Near Algiers

ALGIERS — Muslim rebels slashed the throats of four civilians near Algiers, bringing the death toll to at least 120 in the last eight days, a newspaper said Sunday.

Liberte said the rebels killed the four people in the coastal Bou Smail area in Tipaza province, 60 kilometers (40 miles) west of Algiers.

Among the dead in the recent violence are at least 17 people killed by a bomb on a train, 25 pro-government militiamen ambushed by rebels and more than 60 rebels shot by troops assailing guerrilla strongholds, security forces and newspapers say. (Reuters)

## Attack on Gadhafi

CAIRO — A Libyan Islamic opposition group took responsibility for a reported attack on the Libyan leader, Moammar Gadhafi, the newspaper Hayat said Sunday.

The Libyan government had denied such an attack, which travelers from Libya said took place on June 1. The ambush on his motorcade slightly injured Mr. Gadhafi. At least four bodyguards were reportedly killed. (AP)

## For the Record

The Mexican Army shot 14 leftist guerrillas, killing 12, who were trying to surrender in a mountain village in Guerrero state last week. A survivor has charged, according to media reports. (Reuters)

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## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Diplomacy for Kosovo

The mock air attacks that NATO plans to carry out on Monday in the Balkans are a timely and reasonable response to the growing military violence being orchestrated by Slobodan Milosevic, the Yugoslav president, in the Serbian province of Kosovo. As seen with Iraq earlier this year, diplomacy backed with a show of force can move a leader with a history of failing to respond to gentler forms of international persuasion.

As the Kosovo crisis grew more severe in recent weeks, Washington first tried to encourage a negotiated solution by offering Serbia relief from economic sanctions. When that failed to dissuade Mr. Milosevic from military action, America and its allies issued a series of clear warnings that their patience was running out.

All outside powers, including Russia, now agree that Mr. Milosevic's forces have been primarily responsible for the increasing violence against Kosovo's Albanian majority population. That includes the deaths of some 200 civilians, the expulsion of more than 50,000 people from their homes and the flight of 10,000 or more of these uprooted refugees across international frontiers.

Most recently, the Yugoslav army has sown deadly land mines along Kosovo's border with Albania, raising the risk of a broader regional conflict. NATO hopes that its simulated air raids against targets in Kosovo's immediate neighbors, Albania and Macedonia, will convince Mr. Milosevic

that he must end the violence and begin good faith negotiations.

This show of force is part of an international diplomatic strategy. The Clinton administration is right to stress that its goal remains a diplomatic solution, not a military one. Russia's President Boris Yeltsin can help diplomacy succeed if he takes a firm line with Mr. Milosevic in Moscow on Tuesday.

Mr. Yeltsin should quickly dispel any illusions Mr. Milosevic may have that his big Slav brother will defend him no matter how outrageously he behaves in Kosovo. Mr. Yeltsin should use his considerable influence to warn the Yugoslav leader that he must rein in his forces immediately.

That kind of blunt diplomatic message from Russia, coupled with NATO's demonstration of airpower, should convince Mr. Milosevic that he should back off. If it does not, before Washington contemplates moving any further down a path that could lead to American military intervention the Clinton administration must do what it has not done to date.

It must spell out what specific political goals it means to achieve in Kosovo, what role military force might play in advancing these, and what kind of limits — chronological, geographical and operational — it is prepared to impose on any American mission. Without such clarifications there cannot be the kind of informed debate that a democracy requires before considering the use of military force.

—THE NEW YORK TIMES.

## Honesty With China

Bill Clinton on Thursday defended his China policy, saying the world is better served by engagement than by isolation. But, as critics from conservative Gary Bauer to liberal Senator Paul Wellstone point out, that is not really the issue; the issue is how the United States will engage with China. In that regard, President Clinton's speech did little to allay concern that his administration is so eager for warmer ties with China that it too easily will sacrifice U.S. interests on matters such as nonproliferation and U.S. principles when it comes to human rights.

At a minimum, U.S. engagement with China should be based on an honest assessment of that nation's behavior and of the fruits of the relationship. The same day Mr. Clinton spoke, a hearing before the Senate Foreign Relations Committee suggested that such honesty has been missing from the Clinton policy. The administration was so eager to broaden commercial exchanges with China, and in particular the launching of U.S. satellites atop Chinese missiles, that it downplayed or dismissed strong evidence of Chinese actions damaging to world stability.

Gordon Oehler, former director of the CIA's Nonproliferation Center, told the committee that U.S. intelligence agencies were "virtually certain" that China had sold nuclear-capable missiles to Pakistan, which should under U.S. law have triggered sanctions. But the Clinton administration chose to ignore the evidence, Mr. Oehler said, adding that "intelligence analysts were very discouraged to see their work was regularly dismissed" by Clinton aides.

It takes a particular level ofchutzpah for Mr. Clinton now to point to Pakistani and Indian nuclear tests as a justification for closer ties with China. India's unfortunate decision to test undoubtedly stemmed from a complex mixture of motives, but certainly part of the stew was China's assistance to Pakistan's nuclear program — insufficiently condemned by the United States — and U.S. fawning over China, disproportionate to the attention paid surrounding democracies such as Japan and India. Now Mr. Clinton is pointing to the negative results of that flawed policy to justify its continuation.

The same lack of forthrightness is evident in Mr. Clinton's discussion of human rights. He claimed credit, during a news conference last Tuesday, for the release of "several" political dissidents, and said that because of the U.S.-China relationship "it has been made more likely that political dissent would be more respected." And, in his speech, he claimed support for his policy from Wang Dan, one of two dissidents recently released to exile.

But Mr. Clinton did not mention the thousands of political prisoners who remain in jail and the many who have been arrested even since the release of Wang Dan and Wei Jingsheng; he did not mention how dissidents and even U.S. citizens, returning to China to visit relatives, are being harassed apparently in connection with his upcoming visit; he did not mention how Bao Tong, a purged senior official, has been warned to remain silent after giving a few candid interviews.

It is true that Wang Dan, a student leader during the 1989 Tiananmen demonstrations, supports a policy of engagement, including Mr. Clinton's visit. But when asked about the president's decision to be received at Tiananmen Square, the modest and cautious Mr. Wang told The Washington Post: "Of course, in terms of my own feelings, I'm not comfortable with it. But I respect the American government's right to make its own decisions."

"I would like to see better economic cooperation between the two countries," Mr. Wang added. "At the same time, I hope the U.S. government will maintain an adequate moral standard." That is the kind of engagement most Americans could support.

—THE WASHINGTON POST.

## Other Comment

## Russians Are Undecided

Since the Russian stock market crash, much has been said about the inconsistency and halfheartedness of reform in that country. But unless we take Russian politics into consideration, we can neither analyze the current predicament nor devise ways to escape it. Quite apart from the malfeasance, venality, ignorance and wrong choices that have marred their implementation, Russia's reforms have been inconsistent and halfhearted because Russian voters have been deeply divided.

In the most recent parliamentary elections (December 1995), 21.4 mil-

lion votes were cast for pro-reform blocs and parties and 22.3 million for the four leftist parties, chiefly the Communist Party. The Communist-led plurality has been setting the tone in the Duma.

In virtually every vote on economic matters, the Communists were joined by Grigori Yavlinsky's Yabloko faction. For both the Communists and Yabloko, vehement opposition to virtually anything the government undertook was the key to keeping faith with their electorates. For both, the worse for the regime, the better for them.

—Leon Aron, commenting in The Washington Post.

## A Permanent International Criminal Court at Last

By Mary Robinson

GENEVA — Delegates from virtually every country gather in Rome this Monday for a five-week diplomatic conference to finalize a treaty establishing a permanent International Criminal Court. The Court will be the last major international institution established in this century.

For many around the world, these six weeks are an opportunity to close the gap between rhetoric and action on the worst violations of human rights.

An International Criminal Court should bring to justice the perpetrators of the worst crimes — genocide, war crimes and crimes against humanity. For the last 50 years it has been easier to get away with killing 100,000 people than just one. The gathering in Rome aims to change that and create a world in which there will be no safe haven for the likes of Idi Amin or Pol Pot.

Rome is about recognizing justice as a global value, essential to the well-being of our societies. Assessing the facts and punishing the perpetrators of crimes interrupt criminal activity, serve as a deterrent and address the hurt of the victims.

In too many countries, people know firsthand that without justice there is impunity which fuels cycles of frustration, revenge and endless violence.

The experience with the ad hoc tribunal for the former Yugoslavia has been instructive. After a difficult start, there is the beginning of accountability for the horrors suffered by the victims of ethnic cleansing and the death and rape camps in Bosnia.

There have been convictions and confessions. A number of indicted war criminals have given themselves up for trial, and in Bosnia the net is daily tightening around former Serbian leader Radovan Karadzic. The message of deterrence is becoming plain — you can run but you can't hide.

Closing the gap between rhetoric and action will also mean recognizing that an international criminal court is about something more important than protecting narrow definitions of national interest. Some are nervous about creating a mechanism that will investigate and indict even top leaders. Others worry that their soldiers on peacekeeping missions could be arrested for violations of international humanitarian law.

I believe that such concerns are misplaced. The proposed court should not supersede or trample the rights of member states to administer their own justice systems. National governments will retain their obligation to bring to justice violators of international humanitarian law. An international court should step in, however, when national authorities are unable or unwilling to act.

Some fear that diplomatic compromises in Rome will hamstring the new court, rendering it ineffective. Their cautionary note should be heeded, as there are core principles which, I believe, must be included in the statute establishing the international criminal court.

Beyond that, I would look for a statute that allows for additional jurisdictions and roles to be developed in response to the court's own experience and the changing world.

The high standards of international criminal law and justice demand that the crimes to be included in the statute for a permanent court should be defined with clarity and precision for the sake of deterrence and the integrity of this new process.

The statute should recognize explicitly the appalling growth in gender-related crimes against humanity. There is a crying need for justice and accountability for those responsible for policies of systematic rape, forced im-

pregnation, sexual slavery and other violations of the rights and dignity of women and girl children caught up in internal and international conflicts. For many, this is a key issue and a test of the court's credibility.

Many of the core principles are self-evident. This will be a court with global jurisdiction, and to ensure global acceptance it needs to be universal in every sense, to reflect various national

*Inevitably, there will be attempts to compromise on core principles.*

criminal law traditions and to draw on the best jurists from all regions to serve as judges and officers of the court.

Its proceedings must conform to the highest standards of international human rights law, with full protection for the rights of the accused and protection for sources and witnesses.

The victims and their needs require special attention, and I will be supporting arguments that the statute should

include provisions for reparations, restitution and compensation of victims.

Another crucial issue is the "trigger mechanism" — deciding what cases the court will consider. Obviously the threshold for triggering a case should not be too low, for example, one based on complaints from individuals, as it could overwhelm the court and make it ineffective.

Equally disabling would be a triggering mechanism that is overly restrictive and dependent on the agreement of concerned states or the UN Security Council.

By establishing the ad hoc tribunals for the former Yugoslavia and Rwanda, the Security Council played a key role in highlighting the urgent need for a permanent international criminal court. However, too great a role for the Council could result in the new Court being seen as dominated by the major powers and thus lacking essential attributes of independence, universality and fairness.

For this reason, it is crucial that the Court's prosecutor be guaranteed independence from political interference and full authority to initiate prosecutions on the basis of information from reliable and credible sources. This is not a prescription for unbridled power, like prosecutors in national legal sys-

tems. This official's role should be subject to judicial oversight and review.

Inevitably, there will be attempts to compromise on core principles for the sake of consensus, and the temptations to be satisfied with what is easily achieved rather than aiming higher.

Perhaps it is useful that this process reaches its climax in the 50th anniversary year of adoption of the Universal Declaration of Human Rights — a document which soars high above the usual standards of diplomatic agreement. It was the work of men and women from all over the world coming together in the shadow of the Holocaust and the atomic mushroom cloud to set out a new vision for the rights of all people.

The Rome gathering of plenipotentiaries, supported by civil society organizations around the globe, will make its own piece of history, enhancing the structure of international institutions built up in the past 50 years. The issues are too important, too fundamental to the security and dignity of people in every region for the opportunity to be diluted or lost.

*The writer is United Nations high commissioner for human rights. She contributed this comment to the International Herald Tribune.*

## The First Priority Should Be a Strong Court

By Louise Arbour

THE HAGUE — There are high expectations that the Rome conference will produce the first permanent International Criminal Court, empowered to prosecute and convict persons responsible for unspeakable crimes. This is such a noble ideal that no one dares oppose it, at least in principle.

This ideal embraces the notion that powerful leaders, who may be in a position to shelter themselves from their domestic criminal justice systems, should be answerable to the whole world when their crimes are an affront to humanity as a whole.

What sort of Court emerges from Rome remains to be seen. Ideally it should have two fundamental features. First, it should be universal, with the acceptance of, and jurisdiction over, as many states as possible. Second, it should be independent and strong.

Universal jurisdiction is important in principle because the crimes are being prosecuted on behalf of humanity as a whole. In practice, universality is also critical because suspects, witnesses and other evidence are likely to be scattered all over the world.

The second of these features, independence and strength, goes to the Court's legitimacy. The prosecutor should have the power to initiate prosecutions, unhindered by political interference, and the Court should be able to issue binding orders and decisions, even to states. As in the case of any national criminal court, such powers are crucial to maintaining public confidence in the judicial process.

It is very unlikely that the Rome conference will produce a strong, independent Court with broad-based support. In fact, many would be happy with a result that has these two fundamental features applied in inverse proportion: They will support a strong Court if its reach is very limited (and not applicable to them), or they will support a Court with a broad application, including to them, but very limited powers.

Between these two models, unfortunately, there is real danger that the latter will prevail.

Universality cannot, of course, be

imposed by treaty. In order for the ideal of universality, or close to it, to be achieved, the treaty must attract as many ratifications as possible. And the best way to attract the support of reluctant states is to reassure them that their exposure, under the treaty, will be minimal. That is to say, that they will never have to yield to the Court's jurisdiction, or be made to obey its orders, in any given situation, if they choose not to.

The reason this model is likely to be the most attractive is self-evident. Everyone is "safe," and it looks good because nearly everyone agrees.

In this scenario, the Rome conference, which is supposed to produce a

*A weak court will never succeed in building legitimacy.*

great judicial institution representing triumph of the rule of law over the rule of force, will have simply revealed the true extent of the impunity of the powerful.

But this must not necessarily be so. Real progress can be made by recognizing that Rome will be only a step in a process, not the final goal, and by ensuring that the process keeps moving in the right direction.

The first step should be a strong Court. The final goal should be the universal acceptance of that Court.

This is so for two reasons. First and foremost, a weak Court will have no credibility. There will be great risks of an innocent being convicted through inevitable judicial error, of the guilty being acquitted through the Court's inability to secure evidence, and of trials being subject to political manipulation or the appearance thereof. A weak Court will never succeed in building the legitimacy without which no court can function.

The second reason why a weak, even

if broadly accepted, Court would be the wrong choice for Rome relates to the Security Council. Referrals from the Security Council are likely to be important, if not actually the only source of work for the Court, for many years to come. It would be a major step backward if the Security Council were to refer cases similar to the ones that have arisen from the former Yugoslavia and Rwanda to an institution less well equipped than the two ad hoc tribunals.

And it would be wasteful, if nothing else, if the Security Council were to continue the practice of setting up ad hoc tribunals in parallel to a weak and impotent International Criminal Court.

This is the reality within which the Rome conference will be expected to produce a treaty for the effective prosecution of criminals who jeopardize the lives and security of entire populations. In light of that reality, the best possible outcome of the Rome conference would be the creation of a strong Court that will look and work like a criminal court, even if it attracts only the minimum of support necessary to put the institution in place.

If much of its work is likely to come from the Security Council, once the treaty is in force the number of ratifications will not matter, since all states will be bound by the Security Council's resolutions referring jurisdiction to it.

If, in doing its work, the Court succeeds in building its legitimacy, as I believe the two ad hoc tribunals have done, the treaty establishing the Court can be expected to attract more ratifications over time.

But if the outcome at Rome is wide-base support for a weak Court, a Court from which states will be able to shelter the cases most deserving of international condemnation, it is difficult to imagine what corrective measure could be taken in the future to breathe life into a stillborn institution.

*The writer is chief prosecutor at the International Criminal Tribunals for the former Yugoslavia and for Rwanda. She contributed this comment to the International Herald Tribune.*

## Don't Expect Austria to Put Europe in the Phone Book

By William Pfaff

VIENNA — Austria takes over the European Union's presidency in July, for the first time, which presents Austria, in its turn, with the problem of providing Europe with a telephone number. Henry Kissinger once aptly remarked that he would believe in "Europe" when someone gave him a phone number to call to get in touch with it.

This task is a particular problem for Austria, since it is a small country, a neutral, and is undergoing a self-examination concerning its own relationship with Europe.

Austria's anxieties are given exposure, sometimes brilliantly, in the latest issue of the noted Vienna quarterly Europäische Rundschau. As this is the journal's 25th anniversary issue, it is available in English and French as well as German (Ebenendorferstrasse 6/4, A-1010 Vienna).

To summarize (or abbreviate) Austria's self-examination, it asks where Austria today belongs between the west and east of Europe. This would seem very simple to answer, but history as well as current political feelings produce confusion and argument about the matter.

The Austrian emperors were once the sovereigns of the German Holy Roman Empire, which incorporated not only various principalities of German-speaking Europe but also, because of wars and dynastic marriages, came to unite them with Spain, a part of Italy, Burgundy, the low countries and eventually Poland, Bohemia, and Hungary in Central Europe.

Thanks to that, Austria made itself the defender of Catholic Europe's eastern frontier, confronting the Muslim Ottoman Empire, whose troops twice unsuccessfully besieged Vienna.

By the late 18th century, however, Prussia was on its way to great power status, unifying the other German states at Austrian expense.

Austria was left a dual monarchy, composed of Austria itself, the Kingdom of Hungary, Bosnia, Croatia, the Czech lands and Galicia (which included parts of modern-day Poland and Ukraine). In 1910 the population was 50 million people. (Britain at the time had 45 million inhabitants, and Germany 65 million.)

Vienna was the cultural and educational as well as the political and economic center of this multilingual empire — a westernizing influence on the rest, but at the same time one whose domination provoked nationalist reactions.

The world war destroyed the system — that and Woodrow Wilson's crusade during the Versailles treaty negotiations to give national self-determination to all the Hapsburg peoples.

From being a great multinational empire and Western Europe's bridge to the east, Austria was turned into a small German-speaking state of 6.5 million people with no apparent reason for independent existence. Thus Hitler could and did take it over.

After World War II, when the Soviet Union withdrew its

troops in 1955, Austria reclaimed independence, becoming a formally neutral country in the Cold War, but once again a frontier country, on the Warsaw Pact's front line.

Now Austria is a member of the European Union, although not of NATO. NATO's expansion is a very controversial matter in Austria, since all three countries expected to be incorporated initially — Hungary, the Czech Republic and Poland — are Austria's neighbors, and all were at one time or another part of its empire.

All of them are also candidates to become members of the European Union, and have begun preliminary negotiations with Brussels. Where does that leave Austria?

Uniquely placed, as one might say — but uniquely placed to do what? Neutrality no longer has any real meaning, although some Austrians like to think of themselves as an Alpine state that should look toward another neutral country, Switzerland, which has made a national career out of neutrality, but in a geographical situation where it could afford to do so. Austria is the crossroads of southern Europe.

Karl-Markus Gaus writes in the Europäische Rundschau that EU membership has encouraged Austrians to claim to be "a normal country among all the other normal (that is, West European) countries." He objects to this because it denies Austria's special history and allows it to reject any attempt "to make something meaningful out of the contradictory heritage of its history, out of the often painful experience of being historically caught up with the

Central European countries for many centuries."

His argument is that Austria should not, but also cannot, dissociate itself from all of its old and complicated relations with Central Europe and the Balkans. These actually provide an opportunity of great value to the European Union, as it opens itself to the ex-Communist and ex-Austro-Hungarian states of Central Europe. However, this is a controversial argument in Austria.

With its own role under debate and unresolved, the Austrian government approaches its EU presidency with a conventionally platitudinous view of

foreign policy for the European Union as a whole.

The foreign minister, Wolfgang Schüssel, writes of the European Union helping to keep the Dayton accords functioning, trying to do something about Cyprus, and encouraging Middle Eastern peace — all things which the United States has in hand, or thinks it has in hand, and on which it prefers no advice from Europe.

With that as Europe's aspirational common foreign and security policy, it really doesn't matter that Europe doesn't have a phone number.

*International Herald Tribune, Los Angeles Times Syndicate.*

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: Publishing Loss

NEW YORK — The war is making hard times for everybody connected with Newspaper Row. It might be expected that the frequent issue of extras would increase the publishers' profits, but they do not. Though it costs but little to get out each new edition, the sales seldom reach one hundred dollars, and there is no profit in one-cent papers at that rate. The advertising, to which the publisher looks for his real profit, has fallen off. The only newspaper men who are not cramped are those who have been sent to the front as war correspondents.

## 1923: Federal Powers

PARIS — [The Herald says in an Editorial:] The question of the boundary between State and Federal powers in the United States must have sooner or later a new and definite solution. En-

croachments of Congress and the Executive upon the undelimited powers of the States have grown so numerous as to dull popular perception of them. History has shown again and again that the more the government is centralized the greater its tendency to breed oppression and to dwarf the exercise of individual right.

## 1948: No African Army

PRETORIA — The South African government will use its "friendly influence" to counteract any British policy tending toward the military training and arming of Africans. F.C. Erasmus, the Nationalist Minister of Defense, declared today (June 14). He said that Britain, having lost the Indian Army, might now be inclined to build up an African Army. Mr. Erasmus said that most people in South Africa were opposed to the use of non-Europeans in the armed forces.

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## U.S. MUTUAL FUNDS

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## CURRENCY RATES



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# Herald Tribune BUSINESS/FINANCE

MONDAY, JUNE 15, 1998

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## In U.S., Benefits for the Unskilled Shrink Along With Wages

By Peter Passell  
New York Times Service

NEW YORK — Since the 1970s, the gap in wages between skilled and unskilled workers in the United States has widened sharply. But new research shows the inequality does not stop there.

Discrepancies in job benefits and the quality of work life have also grown, pointing to a bigger chasm than previously recognized.

"Unskilled workers get the short end of the stick — and it's getting shorter," said James Heckman, an economist at the University of Chicago.

Study after study has shown that the gains from post-1970s economic growth have eluded unskilled workers. The median wage of those with only a high school diploma fell by 6 percent, adjusted for inflation, from 1980 to 1996, while the earnings of college graduates rose by 12 percent.

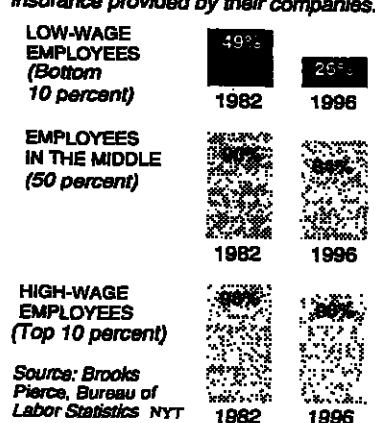
Though there have been indications in recent months that a scarcity of workers in the surging U.S. economy has begun raising wages for those on the low end, the gain has been modest and not enough to counter the decades-long trend.

Besides, wages alone provide an incomplete picture of a worker's standing. Though economists have long recognized the need to incorporate working conditions and fringe benefits in any comprehensive analysis, they have been stymied by a lack of detailed data.

Until now, Brooks Pierce, an econ-

### Dwindling Coverage

Percentage of employees with health insurance provided by their companies.



omist at the U.S. Department of Labor, used confidential data regularly collected by the Bureau of Labor Statistics from businesses to measure trends in total compensation.

The results are striking. While specialists had long assumed that benefits acted as a leveling influence, particularly because of government-required benefits like Social Security and unemployment insurance, the opposite is true.

By Mr. Pierce's calculation, the total compensation in 1982 of workers in the top 10 percent — \$35.16 an hour — was 4.56 times that of workers in the bottom 10 percent — \$7.72 an hour. Fourteen

years later, the ratio had increased to 5.56 to 1, with highly paid workers having gained \$1.73 an hour and low-end workers having lost 93 cents an hour.

Benefits led to a greater discrepancy in earnings between high-wage and low-wage workers in both 1982 and 1996. Moreover, they were responsible for one-tenth of the increasing disparity between the working elite and the working poor over the 14 years.

Benefits have long been perceived as a great equalizer. In percentage terms, a bare-bones \$3,000 medical insurance package adds more to the compensation of a worker making \$20,000 than a full-frills \$10,000 package for an executive earning \$200,000.

The catch, according to Mr. Pierce, is that a growing number of workers at the bottom of the pay scale have lost access to key employer-provided benefits.

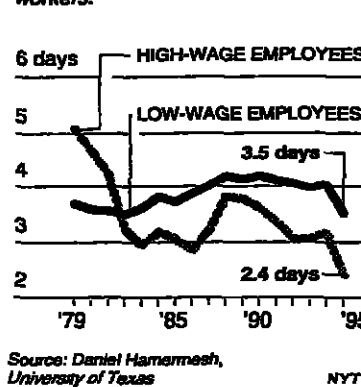
More than 80 percent of workers received paid holidays and vacations in 1996, but fewer than 10 percent of those in the bottom tenth received paid leave of any kind. Similarly, about 70 percent of workers have pension plans, while less than 10 percent of those in the bottom can count on any employer-financed retirement benefits. Access to health insurance follows a similar pattern.

Employers generally cannot deny benefits to lower-wage workers without putting the tax-exempt status of those benefits at risk. So how is this disparity in benefits possible?

Henry Farber, an economist at Princeton University whose own re-

### Safer at the Top

Days of work missed because of on-the-job injuries for every 100 full-time workers.



search on medical benefits confirms Mr. Pierce's findings, points to loopholes that allow companies to deny benefits to workers just starting out and to workers not classified as full time.

"Employers are figuring out all sort of ways to discriminate between employees they wish to keep and those who come and go," he said.

In some cases, employers have turned to temporary and contract workers, whose pay packages do not include time off and other benefits. United Parcel Service even endured a strike in which a big issue was the company's desire to use more part-time workers to hold

down costs.

Perhaps an even bigger surprise than the lack of benefits is how little people with especially demanding or unpleasant jobs are compensated for difficult working conditions.

Job hazards, everything from working in extreme temperatures to working a dangerous, lonely night shift at a highway convenience store, would seem to command higher wages than similar work under less taxing circumstances.

By looking at arguably the best measure of job conditions, the risk of injury, a new study by Daniel Hamermesh, an economist at the University of Texas, found that workers on the low end of the wage scale were falling ever further behind.

In 1979, workers in the top quarter of wage earners lost 38 percent more days of work because of on-the-job injuries than workers in the bottom quarter, Mr. Hamermesh found. By 1995, the pattern had reversed. High-wage earners lost 32 percent fewer days than low-wage earners.

One possible explanation for the failure to reduce injuries among low earners, suggests Alan Krueger, an economist at Princeton University, is the declining power of labor unions. While employers may know how dangerous a job is and how much it would cost to make it safer, individual workers rarely do. A union may be able to even the playing field by tracking health and safety issues and negotiating improvements.

## Kia to Shut Factories For 10 Days

### South Korean Carmaker Seeks to Counter Strikers

Compiled by Our Staff From Dispatches

SEOUL — Kia Motors Corp. said Sunday it would shut factories for 10 days to counter union strikes that have been dragging on since the end of May.

The company said all factories would be closed from Monday until June 25. "The illegal strikes have caused serious losses to the company and threaten the existence of subcontracting companies," Kia said in a statement, "and the decision to halt operations is to minimize the damage."

But the shutdown could lead to a final showdown between militant union leaders and management.

"We see the shutdown as the first step toward layoffs," said a senior union official.

"Our strikes will go on," he added. Kia workers walked out May 29 to demand compensation for salary cuts. Kia cut workers' salaries by 50 percent in 1997 because of financial difficulties.

A company spokesman said the workers would be breaking the law if they took over the factories during the closure. He added that he expected only the union leaders to show up.

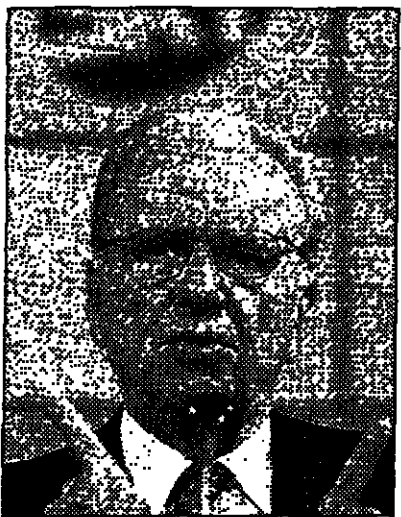
About 13,000 to 14,000 workers would be affected by the temporary halt in operations, the Kia spokesman said.

"This is our way to counter the strikes and prevent other workers from any harm," he said. "But we will continue to convince the union to end strikes, and so far there are no plans to force them out of the factories."

Kia said 140 billion won (\$101 million) in sales had been lost since the strikes began. Until then, Kia had been producing about 1,800 cars a day, the spokesman said.

Labor and management relations have become increasingly fragile in South Korea as the country revamps its ailing economy, a mandate for a \$38 billion bailout package arranged by the International Monetary Fund.

Corporate restructuring in South Korea is expected to bring huge layoffs and Hyundai Motor Co. has already announced plans to cut more than 8,000 jobs. (Reuters, AFP)



Mr. Murdoch said 'no' to Kirch.

## Murdoch Says Bertelsmann Blocks Investment in Vox

Reuters

BERGISCHE GLADBACH, Germany — The media magnate Rupert Murdoch wants to invest heavily in Vox to move the station into the big leagues of German television, but he says he is facing stiff opposition from another Vox shareholder, the media giant Bertelsmann AG.

Mr. Murdoch also said he was still interested in digital television in Germany, but he denied speculation that his News Corp. would form an alliance with Kirch Group, the digital-TV leader.

"We are very keen to extend our business in Germany," Mr. Murdoch said Saturday.

"We want to make Vox an active force here," said Mr. Murdoch, who

was in Germany for a media conference in Cologne. "We need the support of the other shareholders, but we're working on that."

News Corp. holds 49.9 percent of Vox. Bertelsmann and Canal Plus SA of France each have 24.9 percent.

Mr. Murdoch said he wanted to broadcast first-run feature films, sports and quality news on Vox but was being blocked by Bertelsmann, which he said was seeking to keep the Cologne-based station as an outlet for second-run movies that would not challenge its prime channel, RTL.

Mr. Murdoch said his goal was for Vox to have 10 percent of the German market, up from about 3 percent now.

"If we had unfettered control of Vox, then yes — whether it takes 700 or 900

million marks (\$388 million or \$500 million), we are willing to do whatever is necessary to make Vox a major force," he said.

He said the Bertelsmann board member in charge of television, Michael Dornemann, had blocked every effort to strengthen Vox's programming.

"He feels he has us locked out of harm's way," Mr. Murdoch said. "We'll have to do something for him somewhere else."

Mr. Murdoch said he was confident Bertelsmann would eventually give in.

He said he was still considering whether to get involved in digital-TV in Germany but was not talking with Leo Kirch, the Bavarian media mogul.

Mr. Kirch has said he may shut down

his DF1 station after the European Commission blocked a merger between DF1 and the Premiere pay TV channel.

Mr. Murdoch considered taking a stake in DF1 but decided against it last year. Mr. Kirch's DF1 has managed just 120,000 subscribers in nearly a year of operation, largely because of the high price of the digital decoder, which sells for about 1,000 DM.

Mr. Murdoch said he had no interest in investing in any part of the Kirch Group.

"We wouldn't really be interested unless we could have control of something," he said. "We have to see what happens to DF1 — if he closes DF1, there may even be room for two platforms. We wouldn't rule that out."

### CYBERSCAPE

## Web Sites Find a Local Presence Helps

By Bruno Giussia  
New York Times Service

GENEVA — How many people can name a few truly global Web-based companies, with operations in several countries and brands that sound familiar to Europeans as well as Americans?

Although the Web is by nature global — and, theoretically, an Internet business can be run out of any location and seamlessly reach millions of potential customers around the world — many companies are finding that they need a local presence to establish a successful business abroad.

Having experienced a slowdown in growth in the United States — where the Internet field is getting considerably crowded — many on-line companies are jumping into Europe to find new customers to sustain their double-digit growth rates and spectacular market capitalization.

"There is a huge growth potential here," said Evan Rudowski, the new director of European operations for Excite, a search and directory company.

Yet the reason behind most of these moves is that, against all conventional thinking, the Internet and the Web have not turned out to be global entities.

"There may be global on-line brands," said Mark Lorimer, the president of Auto-By-Tel, "but the market is definitely local, culture-specific, and subject to very different regulations."

"You need local partners to shepherd you through the terrain," he said.

Consider the following examples:

• In May, the Seattle-based on-line book retailer Amazon.com acquired two local competitors, Bookpages of Britain and Telebuch of Germany, which also controls two affiliated Web operations in Spain and South Africa.

• The on-line vehicle broker Auto-By-Tel of Irvine, California, announced in February the formation of Auto-By-Tel UK through an alliance with the car distributor Inchcape Motors. The company is now wrapping up a deal with Bilta to create Auto-By-Tel Nordic, covering Sweden, Norway, Denmark and Finland.

• The New York Internet research company Jupiter Communications opened a new European practice in London in April.

• Walt Disney Co. teamed up with Telecom Italia Net SpA to launch its first subscription-based Web sites in Europe last month, dubbed Topolino and Disney Blast, and is having discussions to close similar deals in other countries.

• The New York Web design group Razorfish acquired CHBL, a large British new media company. Meanwhile, New York-based Agency.com took over Online Magic, one of the biggest interactive agencies in Britain.

The first companies to think global and act local have been the major American search and directory players such as Yahoo Inc., Excite Inc. and Lycos Inc. They have all been in Europe for some time now and have been very prudent in the way they approached the national

markets — establishing local content sites in each territory, in local languages, with local sales and support.

"They have done a good job, and their reward is that they are vacuuming up the audiences in Europe in a spectacular way," said Phil Dwyer, managing director of the London practice of Jupiter Communications.

Mr. Dwyer thinks that U.S.-based electronic commerce players will have a more difficult task, mainly because European retailers have observed how their American counterparts let early actors like Amazon.com or CDnow Inc. quickly and cheaply establish their brands in the absence of any on-line activity from "traditional" vendors.

It may sound paradoxical, but precisely because Europe is running 18 to 24 months behind the United States in Internet usage — with expensive local phone calls acting as a check on on-line consumption — American e-commerce ventures may find it more difficult to gain a foothold on the Continent.

"European booksellers such as Waterstones and Blackwells in Britain have learned the lesson and spotted the danger in time," Mr. Dwyer said.

Mr. Dwyer's advice to Internet companies looking at Europe is: "Don't look for pan-European solutions. They sound easier to manage and run, but they are next to impossible to do."

Recent technology articles:  
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### CURRENCY RATES

Cross Rates	June 12
US dollar	1.0000
British pound	0.6925
French franc	6.5596
German mark	1.9364
Italian lira	2036.27
Japanese yen	147.78
Swiss franc	1.4756
Spanish peseta	166.64
South African rand	13.7603
Thai baht	54.7836
U.S. dollar	1.0000
British pound	0.6925
French franc	6.5596
German mark	1.9364
Italian lira	2036.27
Japanese yen	147.78
Swiss franc	1.4756
Spanish peseta	166.64
South African rand	13.7603
Thai baht	54.7836

Other Dollar Values	Per \$	Per \$	Per \$	Per \$
Australian dollar	0.6925	0.6925	0.6925	0.6925
Canadian dollar	0.6925	0.6925	0.6925	0.6925
Chinese yuan	8.2756	8.2756	8.2756	8.2756
Hong Kong dollar	7.7556	7.7556	7.7556	7.7556
Indian rupee	47.5479	47.5479	47.5479	47.5479
Israeli sheqel	4.8364	4.8364	4.8364	4.8364
Japanese yen	147.78	147.78	147.78	147.78
South Korean won	200.48	200.48	200.48	200.48
Swedish krona	8.4664	8.4664	8.4664	8.4664
Swiss franc	1.4756	1.4756	1.4756	1.4756
Thai baht	54.7836	54.7836	54.7836	54.7836
U.S. dollar	1.0000	1.0000	1.0000	1.0000
British pound	0.6925	0.6925	0.6925	0.6925
French franc	6.5596	6.5596	6.5596	6.5596
German mark	1.9364	1.9364	1.9364	1.9364
Italian lira	2036.27	2036.27	2036.27	2036.27
Japanese yen	147.78	147.78	147.78	147.78
Swiss franc	1.4756	1.4756	1.4756	1.4756
Spanish peseta	166.64	166.64	166.64	166.64
South African rand	13.7603	13.7603	13.7603	13.7603
Thai baht	54.7836	54.7836	54.7836	54.7836

## Goldman Sachs Is Set To Reveal Vote on IPO

Bloomberg News

NEW YORK — Goldman Sachs Group LP will announce Monday whether an executive committee of six of Goldman's 190 partners had voted to sell shares to the public, a spokesman for the investment bank said Sunday.

The meeting of the committee followed a secret ballot of partners Saturday in which they were surveyed about whether they wanted to sell shares in the 129-year-old firm. A British newspaper, the Sunday Telegraph, without citing sources, said partners voted for a share sale. A Goldman spokesman called the story "speculative" and said a decision would not be made until late Sunday and partners and staff would be told Monday.

Goldman, the biggest investment banking partnership, could be valued at as much as \$35 billion once it goes public. An initial public offering would give the company stock to pay for acquisitions, and individual partners could be worth an average of \$76 million each.

The partners discussed an IPO at a two-day annual meeting in Rockland County, New York. Goldman's partners have discussed and rejected an IPO seven times in the last 30 years, and most recently vetoed the proposal in 1996. Pressure for a public sale increased in the past year as the U.S. stock market boomed and Goldman's rivals, Merrill Lynch & Co. and Morgan Stanley, Dean Witter & Co., used the record value of their shares to help them expand.

## Paris EUROPLACE International Financial Forum

Thursday 2 — Friday 3 July, 1998

Paris

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- Trading Desks
- Credit Market Participants
- Insurers
- Reinsurers
- Insurance Brokers
- Risk Managers
- Corporate Treasurers
- Real Estate Investors
- Senior Corporate Executives and Chief Financial Officers
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- Financial and Legal Advisors

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#### Plenary Sessions:

- The Euro as a Booster for French Financial Markets
- Euro: Creation of the Second Largest Asset Management Market in the World
- The International Strategy of French Companies

#### Keynote Luncheon Speaker:

Dominique Strauss-Kahn - Minister of Economy, Finance and Industry

#### Parallel Sessions (Thursday p.m.): Equities and Insurance

- Presentation of Businesses: Biotechnology, Agri-Food Distribution, Information Technology
- Globalization and Consolidation in the Insurance Business: a High-Stakes Game

#### Parallel Sessions (Friday): Equities, Debt Instruments and Others

- Presentation of Businesses: Automobile Manufacturing, Automobile Equipment Manufacturing
- New Markets, New Products in Euro-Denominated Bonds and Derivatives
- Strategy of French Issuers in View of the Euro
- Non traditional Asset Securitization in France
- Opportunities for Real Estate Investment
- Direct Investment in France
- The Impact of Changes in European Monetary Policy on Corporate Cash Management

For further information, please contact:

Valérie Blanchin, Director of Communications

Paris EUROPLACE — tel.: +33 1 49 27 11 14 - fax: +33 1 49 27 11 06

All the conferences will be held in Paris.

Simultaneous translation is provided in French and in English during the entire forum.



## CAPITAL MARKETS ON MONDAY

## Many Firms Awash in Cash Thanks to Market's Effect on Pension Funds

By Tim Smart  
Washington Post Service

WASHINGTON—Corporate profits have been getting a lift recently from a surprising source — the long bull market's effect on the value of corporate pension funds. These pension plans, once a drag on earnings, are bolstering the financial performance of many of the country's best-known companies.

The pension-fund bubble stems from the accounting rules that govern the more than \$1 trillion in private pensions. Under those rules, companies make assumptions about how much they will earn on their pension assets, how much they will have to pay out to future retirees and the future level of interest rates.

But what has been happening during the bull market is that those assumptions have proved too conservative — and the

funds have swollen far beyond expectations as stock-market returns have outpaced historical trends.

The excess, filtered through many layers of accounting, is dribbling down to the bottom line. And that is giving an extra boost to corporate profits at a time when earnings are being squeezed from lack of pricing power and rising wage pressures. Some companies are siphoning off some of the pension surplus to pay for other corporate needs, such as early-retirement plans, retiree health benefits and even merger financing.

For many businesses, the gain is twofold: Their plans are so flush they don't have to make new annual contributions, and they are earning income from the excess that has built up throughout the stock market's rise.

Among the winners:

• General Electric Co. has not had to

make an annual contribution to its \$38.7 billion fund since 1987. The plan returned 19.8 percent last year, more than double what the company had projected. That lifted assets by more than \$5 billion and helped GE book \$331 million in additional pretax income. The huge gain would have been even greater, except that GE took \$412 million more to pay benefits to workers it encouraged to take early retirement.

• Mobil Corp. has reduced the amount it records annually for its U.S. pension costs by \$42 million over the past three years — a reduction of 22 percent.

• AT&T Corp. has a pension plan so flush with cash — \$6 billion more than it needs — that it was able to offer sweetened early-retirement packages to about 10,000 managers. The entitlement would be about 14,000 have retired.

• DuPont Co., while recording a \$26

million expense for its plan in 1997, still had enough excess cash in its \$19 billion fund — a hefty \$2.8 billion — that the chemicals maker could afford to take \$250 million from the fund to pay health benefits for retired workers.

• Norfolk Southern Corp.'s pension fund, covering only nonunion workers, is so overfunded that it has \$1.53 in assets for every \$1 of liability. The strong performance of the fund last year enabled the company to record \$25 million in additional pretax income.

Accounting and labor laws restrict what companies can do with the funds, which are legally separate from the firms themselves, though they still have some leeway.

Ironically, when the Financial Accounting Standards Board proposed new accounting rules, known as FAS 87, for pensions in the early 1980s, companies objected vehemently. At the time, they worried that the new rules would lead to potential earnings swings for years to come and about the extent of disclosures they would have to make about the financial health of their funds.

But the long bull market, which began

a few years before the rule took effect in 1985, seems to have done just the opposite. "What this has meant from the adoption of Statement 87 is improved earnings performance for many of these companies," said Harold Dankner, a partner in the Washington office of accountants Coopers & Lybrand LLP.

There are some creative, albeit legal, ways to share some of the riches inside an overfunded plan. In 1996, Boeing Co. used \$100 million from its pension fund to help finance its acquisition of Rockwell International's defense electronics unit. Boeing transferred that sum to the underfunded Rockwell plan, effectively lowering the cost of its acquisition.

Sometimes such clever financial moves can backfire. The Supreme Court has agreed to hear a case brought by former Hughes Aircraft Co. workers who allege that the company effectively terminated its plan when it stopped employee contributions and froze benefits in a plan overfunded by \$1 billion, using the excess to begin a new plan.

Under pension law, surplus assets in plans that are terminated belong to the employees. Hughes contends its actions

did not constitute a plan termination. Changes in the pension fund accounts often result in significant additions to or subtractions from a company's current income, because of the way companies must account for such actions. The disclosures are often buried in footnotes in the back of annual reports.

"You really have to know how to look for the thing in the notes," said Tim Lucas, who helped draft the original FAS 87 rule.

How long the overfunded status can continue is anybody's guess. It is primarily a function of market and interest-rate trends. But even if the market takes a turn for the worse, the effect on the pension expenses and ultimately the bottom line will not be immediate.

Most companies have been squirreling away a portion of their annual gains over the past several years, in effect building a huge treasure chest on paper that they can tap over time.

Just as it took many years of strong market gains to provide the payoff that is now being realized, it will take some time before all of the excess billions in pension funds come out of the system.

## Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending June 12. Prices supplied by Telekurs.

Risk Name Cpn Maturity Price Crt Yld

## Austrian Schilling

210 Austria 5 01/15/98 100.8700 4.9400

## Australian Dollar

210 Queensland Tsy 6 04/1/98 101.8750 4.2600

213 NS Wales Tsy 6 05/01/98 104.2742 4.2200

## British Pound

128 Ampting FRN 7.9508/01/22/22 97.4031 8.1400

167 British 7 06/07/02 103.0000 4.8000

176 Credit Local 6 05/01/03 99.3478 4.2000

184 Bg 7 04/04/00 99.5000 7.5400

197 Halifax 6 04/02/00 97.2300 6.3000

199 Halifax 6 09/27/99 98.8750 6.5700

207 Fannie Mae 6 06/02/02 97.3344 7.0600

215 EIB 6 12/01/02 111.3119 6.5000

229 Aile Valley FRN 7.4400/11/04/99 99.7500 7.6400

246 British 6 12/07/03 102.7500 6.3300

## Canadian Dollar

233 Canada Tbill zero 12/19/96 97.6150 4.9300

## Danish Krone

9 Denmark 7 11/15/07 114.9800 6.0900

14 Denmark 8 03/15/06 119.4300 6.7000

20 Denmark 5 11/15/00 110.0800 8.1800

23 Denmark 6 11/15/00 107.7100 8.1800

40 Denmark 6 12/10/99 102.4400 8.7100

63 Denmark 8 05/15/03 114.1200 7.8100

64 Denmark 8 12/15/04 115.7200 8.1800

70 Denmark 6 11/15/02 105.1500 8.7100

81 Denmark 6 11/15/02 121.1000 8.7800

88 Denmark 6 11/15/02 107.7100 8.1800

95 Realcredit Dan 7 10/01/29 101.9200 8.8300

111 Uniredit 6 10/01/29 97.4300 6.1400

112 Uniredit 6 10/01/29 97.4300 6.1400

122 Denmark 8 11/15/01 110.5500 7.2400

123 Nykredit 7 10/01/29 101.9200 8.8300

124 Denmark 6 11/15/02 115.7200 8.1800

140 Denmark 4 02/15/01 99.0100 4.4000

223 Denmark Tbill zero 02/01/99 97.3583 4.1900

## Deutsche Mark

1 Germany 5 01/04/08 102.9483 5.1000

3 Germany 6 01/04/07 108.4500 5.5300

5 Germany 6 01/04/07 108.7300 5.5200

6 Germany 8 01/01/02 111.8300 7.1500

7 Germany 4 03/17/00 99.9700 4.0000

8 Germany 3 01/04/28 104.1667 5.4000

9 Germany 6 02/15/03 100.1915 4.9000

11 Germany 6 03/15/00 104.0900 4.2400

12 Germany 5 11/15/02 102.2200 4.8900

13 Germany 4 05/17/02 102.3000 4.9000

14 Germany 6 02/15/03 112.7747 6.1000

22 Germany 4 09/15/02 100.3550 4.4800

25 Germany 6 01/05/06 107.9900 5.5600

26 Germany 6 07/02/01 115.7200 8.1800

27 Treadwell 7 09/09/04 115.2400 4.5100

28 Germany 6 02/15/06 108.0500 5.5300

30 Germany 4 09/17/99 101.4000 3.9700

32 Germany 7 01/04/03 115.0700 6.4100

33 Germany 5 02/15/01 102.0200 5.1200

34 Germany 6 01/04/03 110.4000 5.3600

35 Germany 6 10/01/00 110.6100 5.1000

36 Germany 5 05/15/01 103.3200 5.6900

37 Treadwell 6 01/01/03 110.3733 5.2300

38 Germany 8 06/22/00 103.3400 5.4000

39 Germany 8 09/20/01 111.4446 7.3900

41 Germany 4 02/22/02 100.4800 4.8800

42 Treadwell 6 12/01/02 111.3119 6.5000

44 Treadwell 6 05/15/04 110.9200 5.9900

45 Germany 4 04/04/06 109.3190 5.7200

46 Germany 6 11/20/03 110.3400 5.4900

47 Treadwell 6 09/02/03 109.3800 5.4000

50 Germany 8 07/22/02 113.2400 7.0400

53 Germany 8 07/20/00 109.2200 5.0100

54 Germany 5 12/15/00 102.2100 5.0700

56 Germany 5 05/21/01 102.0800 5.0900

57 Germany 6 04/22/03 109.7033 6.1500

58 Germany 8 06/20/01 113.0100 7.4000

59 Germany 3 03/19/99 100.6000 5.2500

61 Germany 7 11/15/04 113.5400 6.4900

62 Treadwell 6 10/01/02 112.7747 6.1000

64 Germany 6 01/04/24 110.3625 5.4000

65 Germany 94 6 01/04/24 111.5300 5.4000

68 Treadwell 7 01/29/03 110.8500 6.4300

## Risk Name Cpn Maturity Price Crt Yld

49 Treadwell 6 04/23/03 108.5400 5.9900

72 Germany 4 12/17/99 100.2872 4.2400

74 Germany 5 08/20/01 102.0800 4.9000

75 Germany 3 12/18/98 99.8829 3.5000

76 Germany 7 10/21/02 110.9100 6.5400

80 Germany 6 09/15/03 106.5900 5.6100

84 Germany 3 04/16/99 99.4900 3.5100

87 Germany 8 09/20/01 110.7900 7.6800

91 Germany 7 12/20/02 110.6925 6.4400

93 Germany 8 06/21/01 111.1500 7.5000

98 Treadwell 6 07/01/99 102.5400 6.2000

101 Treadwell 2 01/16/98 98.9857 3.0000

105 Germany 8 12/20/00 110.7900 7.6800

108 Germany 7 01/15/00 104.3300 6.7000

120 Germany FRN 3.2500/09/30/94 99.3600 3.2800

130 Germany 5 05/29/99 101.7800 5.6500

131 Treadwell 6 11/15/03 106.8900 5.6100

132 Germany 6 09/15/99 103.4000 4.5300

133 Treadwell 5 12/17/98 100.6747 4.9700

137 Treadwell 5 04/29/99 101.6500 5.4000

148 Germany 9 01/22/01 111.5900 8.0700

151 Germany 6 07/15/04 111.2300 6.0700

157 Germany 6 07/15/03 108.3750 5.7500

169 Deutsche Bahn 5 04/10/08 99.8550 5.0100

171 Germany 8 08/21/00 108.9700 7.8000

172 Treadwell 6 01/15/03 108.3750 5.7500

178 FRN 5 01/04/99 100.5000 6.7300

179 Germany 6 02/24/99 102.0900 6.7300

186 Germany 5 09/20/01 105.6300 5.3300

190 Germany 6 12/20/98 101.5400 6.7700

192 Treadwell 5 01/14/99 100.7400 4.9600

202 Germany 7 02/21/00 106.8000 7.3100

204 Germany Tbill zero 01/17/98 99.7136 2.9700

205 Germany 8 05/22/00 108.5900 8.0600

213 Germany SP 0 07/04/27 20.4700 5.6100

222 Germany 3 01/15/98 99.9800 3.5000

244 Denmark FRN 3.4125/09/10/01 99.7900 3.2200

247 Germany 7 01/20/00 104.9300 6.9100

249 Germany 6 01/29/99 101.9125 5.6000

## Dutch Guilder

51 Netherlands 9 01/15/01 111.3500 8.0800

52 Netherlands 5 07/15/00 103.2000 5.5900

53 Netherlands 7 04/15/01 122.8500 6.1100

60 Netherlands 5 09/15/02 104.9000 5.4800

61 Netherlands 5 09/15/02 106.9000 5.3800

62 Netherlands 0 01/15/23 26.3000 5.5900

104 Netherlands 9 09/15/00 108.7500 8.2800

106 Netherlands 5 01/15/04 105.8500 5.8000

107 Netherlands 6 01/15/02 130.2000 5.7400

108 Netherlands 8 01/15/01 110.70 7.4800

116 Netherlands 9 10/15/00 110.3500 7.6000

121 Netherlands 5 01/15/02 102.2200 5.5000

134 Netherlands 8 09/15/01 113.0800 7.7400

135 Netherlands 6 07/15/98 100.1700 6.2400

137 Netherlands 1 12/30/00 111.40 6.3000

142 Netherlands 6 04/15/99 103.4300 7.2300

152 Netherlands 8 04/15/02 113.8000 7.2500

160 Netherlands 7 02/15/99 102.2700 6.8900

164 Netherlands 7 04/15/01 113.8000 6.1500

168 Netherlands 6 11/15/05 112.70 5.9400

184 Netherlands 8 04/15/02 112.7000 7.2000

187 Netherlands 7 02/15/00 110.40 6.3400

188 Netherlands 6 04/15/00 104.6000 6.8200

191 Netherlands 8 09/15/07 125.3500 5.8000

194 Netherlands 6 02/15/07 124.2200 6.4400

203 Netherlands 7 10/01/04 114.1500 6.3300

204 Netherlands 6 07/15/98 99.3339 3.3000

220 Netherlands 5 01/15/00 108.5000 5.5000

222 Netherlands 0 01/15/23 26.3000 5.5900







Continued

[illegible]

*[The following page contains extremely faint, illegible text, likely bleed-through from the reverse side of the document.]*

Stocks	Dr	Yd	1885	High	Low	Close
1	1	1	1	1	1	1
2	2	2	2	2	2	2
3	3	3	3	3	3	3
4	4	4	4	4	4	4
5	5	5	5	5	5	5
6	6	6	6	6	6	6
7	7	7	7	7	7	7
8	8	8	8	8	8	8
9	9	9	9	9	9	9
10	10	10	10	10	10	10
11	11	11	11	11	11	11
12	12	12	12	12	12	12
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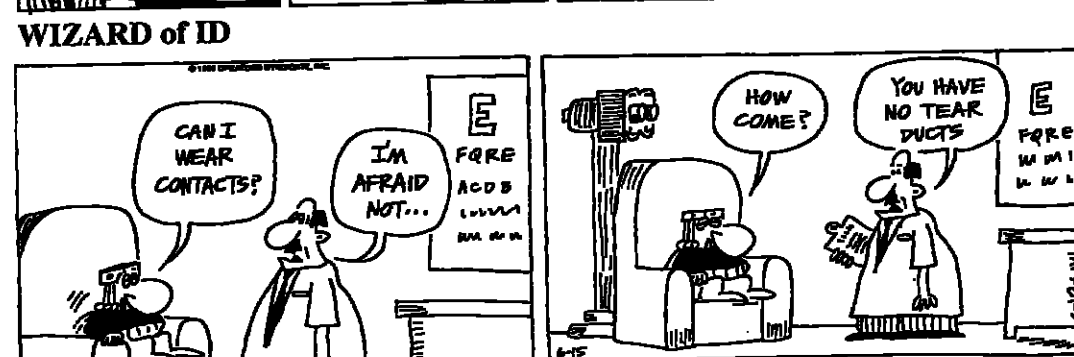
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# Hyundai Chief Sees

## Q & A



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# Hyundai Chief Sees Light at End of Industry's Financial Tunnel

SHORT COVER

Chung Mong Gyu, 36, chairman of Hyundai Motor Co., South Korea's largest and oldest motor vehicle maker, discussed the outlook for his own company and South Korean business and industry in general with Don Kirk of the International Herald Tribune. They spoke in Seoul.

**Q:** The South Korean economy is declining sharply this year. How is the motor vehicle industry doing — and your company in particular?

**A:** At this moment we have a very competitive market situation in South Korea. It's rather chaotic. I'm quite comfortable that the South Korean motor vehicle industry is quite competitive worldwide. Once we go through restructuring, I am confident we can overcome these difficulties.

**Q:** Do you see an immediate possibility of some companies' going out of business or surviving with the aid of foreign investment?

**A:** Some companies are getting into more trouble than others. One of them is already bankrupt.

Transaction between Kia and Ford and Daewoo and General Motors can happen. There will be a shakeout. In the case of Kia, they haven't invested in new product development for a while year. I don't think there will be any investment for all of next year.

Kia used to have 30 percent of the market share here. Once they miss two years, Kia will be totally different.

**Q:** The depreciation of the yen means more competition for you on world markets. How can you compete overseas, particularly in North America?

**A:** The biggest market in North America is for multipurpose vehicles and sports-utility vehicles. We are going to launch them there next year. Everything will improve.

**Q:** What about competition in what has long been one of your strongest areas, subcompact cars?

**A:** We are very strong in the sub-

## Q & A / Chung Mong Gyu

compact market, but in North America the gasoline price is so cheap, so they don't like the small engines. We do very well in Europe.

**Q:** In competition with Japan, can you afford to keep up in all-important research and development?

**A:** We haven't reduced any invest-

ment for new products or new R & D. We see this period as a very good opportunity to increase our market share.

**Q:** What do you think of your government's policy toward companies that are in trouble, such as Kia?

**A:** Some companies are already bankrupt. They are still manufacturing

and selling products in domestic and overseas markets.

There is some question of moral hazard. The bankrupt companies do not have to pay back their loans. They are just generating cash. They are just selling their cars, and there are many other industries like this.

**Q:** What is your own company's debt-equity ratio, and how do you propose to improve it?

**A:** As of the end of last year, our debt-

equity ratio was maybe 460-470 percent. In the first six months of this year, it was a little more. In the second half, however, it will be much improved.

There is no magic way to solve the problem. Perhaps the way is by selling some of our assets.

In our plants, we are producing more components than other European or American companies. We can outsource some of our components or give up some of our business in restructuring.

**Q:** Some executives of Korean chaebol, or conglomerates, such as the Hyundai Group, have been critical of government pressure on them to restructure or get rid of money-losing entities. What's your view?

**A:** I totally agree with what the government asks in restructuring of the chaebol. They ask there should be some transparency in transactions among companies within a chaebol. We have to accept global standards. In that sense the government is quite right, and we are willing to accept.

**Q:** What about government pressure for a "swap" of companies among chaebol with a view of getting rid of the losers while the winners prosper?

**A:** The swap is practically quite difficult. The Samsung Group doesn't control all of its equity, and the same is also true for Hyundai, so they have to persuade all their shareholders. In the old days it was possible for a chaebol chairman to control, but now it's a totally different world. Hyundai Motor has to persuade its overseas shareholders. Hyundai only controls 29 percent. My father [Chung Se Yung, who preceded Mr. Chung as chairman of Hyundai Motor] and I control six percent.

**Q:** But getting back to Kia, wouldn't you like to take it over in the interests of survival of the fittest?

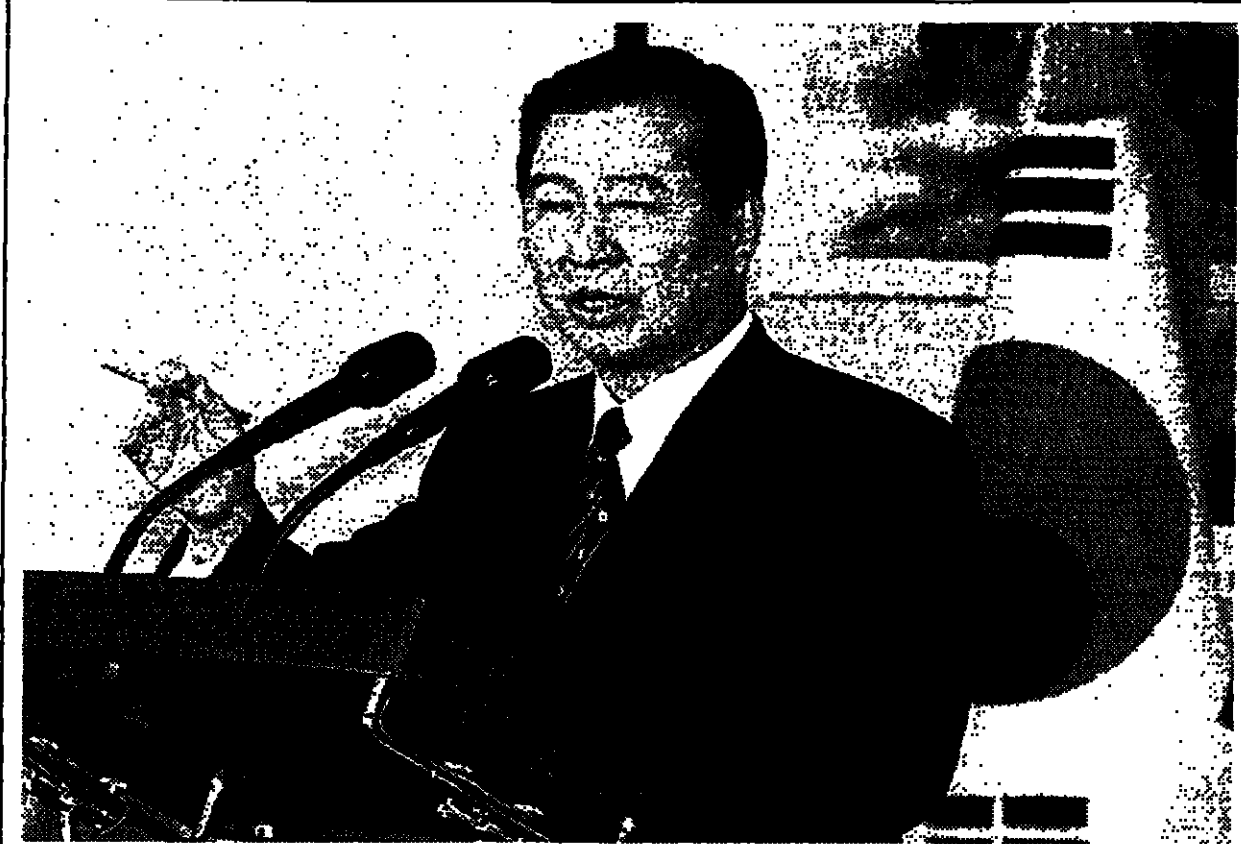
**A:** We are still very much interested in buying Kia. If we take Kia over, we can share some major components. We can reduce production facilities. It's all linked with our financial system.

I think you have to prune the rosebush so you can make the stronger survive and the weaker die. I think combining with Kia will benefit South Korean industry.

**Q:** How are you going to settle your differences with your labor union, which refuses to accept layoffs as a solution and calls instead for reducing hours so everybody can hold a job?

**A:** We are trying to minimize the pain. We will try to minimize the number of layoffs. We sympathize with people who are laid off, but we don't want to be another Kia, so Hyundai should survive.

So far what the labor union is saying is they want to share the work, they want to work half-time, but they didn't say they will receive only half pay. At this moment, their demand is not very realistic.



**KJM COMES HOME** — President Kim Dae Jung of South Korea telling a news conference Sunday in Seoul that his visit to the United States was a success. He also promised to focus on corporate and financial reform.

## Iran-Egypt Agreement

CAIRO (AFP) — Iran and Egypt have signed an economic cooperation protocol, the first such measure since diplomatic relations were severed 20 years ago, Iranian executives said Sunday.

The accord was signed Saturday on the sidelines of a visit by a group of Iranian business executives led by the president of the Iranian Chamber of Commerce, Industry and Mines, Ali Naghi Khamushi. Egypt cut diplomatic ties with Iran after the 1979 revolution, but relations have improved in recent months.

## India Sets Launching

BANGALORE, India (AFP) — The Indian Space Research Organization said Sunday it would stage its first commercial satellite launching this year, carrying a German and a South Korean satellite as well as a locally built one.

New Delhi aims to carve out a niche in the multibillion dollar commercial satellite launching sector, which has been expanding to keep pace with the world's booming telecommunications sector. The launching date is to be set later.

## Malaysia Output Falls

KUALA LUMPUR (Reuters) — Malaysian industrial production fell 3.4 percent in April, compared with the same month last year, the government said Sunday.

The drop in output contributed to a 1.4 percent decline in production over the first four months of the year, compared with the like period in 1997, the Statistics Department said.

Separately, the Kuala Lumpur Stock Exchange has set up a fund to help clients of ailing stockbroking firms, but the exchange's chairman, Mohammed Azlan Hashim, said the plan was unlikely to cover all losses.

## Tropicana IPO Filed

WASHINGTON (Bloomberg) — Seagram Co. has filed to sell its Tropicana juice business in what would be the biggest initial public offering in U.S. history.

The sale will raise as much as \$3.6 billion to help expand Seagram's music operations.

If successful, the sale would surpass Lucent Technology Inc.'s \$3.03 billion initial stock sale and re-establish Tropicana as a stand-alone company for the first time since 1978. Seagram disclosed plans for the sale on May 21, when it said it would acquire PolyGram NV.

## AMP Prices Its Shares

SYDNEY (Bloomberg) — AMP Ltd. set a price of 16 Australian dollars (\$9.48) for institutional investors participating in its initial public offering. Shares in the insurance and fund-management company begin trading Monday.

## Britain May Face Interest-Rate Rise, Report Says

LONDON — Britain's economy might have to cope with another interest rate rise this summer, according to a report to be released Monday.

But the better news for business from the BDO monthly report of business is that rates could be falling by the first half of 1999.

Stephen Bourne, a partner at BDO Stoy Hayward, business consultants, said, "Businesses are already feeling the pain of higher interest rates, and the possibility of a further interest-rate rise, as suggested by our survey, will not be good for business confidence."

The report, produced by the Center for Economic and Business Research and BDO Stoy Hayward, found business surveys now firmly indicate that growth is slowing.

The report's inflation index has risen slightly as the pound has tumbled from its 1990s highs above 3.10 Deutsche marks to 2.94 DM currently, but it is still pointing to below-trend inflation by early 1999.

The BDO report encompasses all the Confederation of British Industry's business surveys, the British Chambers

of Commerce quarterly survey, the Institute of Directors quarterly survey, the 31 enterprise barometer, the Chartered Institute of Marketing's trends survey and the Chartered Institute of Purchasing and Supply's industrial survey.

Douglas McWilliams, chief executive of the Center for Economic and Business Research, said, "The survey results indicate that the Bank of England's Monetary Policy Committee will be facing some tough decisions over the next few months."

He added, "The results show that the economy is slowing down, but they in-

dicate that growth will remain dangerously fast until the autumn. The Monetary Policy Committee will need strong nerves to prevent a further rate rise."

The Monetary Policy Committee surprised industry, the financial markets and millions of homeowners by raising its key repurchase agreement rate to 7.50 percent from 7.25 percent.

Eddie George, governor of the Bank of England, was among those to back a quarter-point rise in official interest rates on June 4, citing the need to slow the economy, the Observer newspaper reported Sunday.

## Going Global, Armstrong Buys Triangle Pacific

Bloomberg News

LANCASTER, Pennsylvania — Armstrong World Industries Inc. will acquire Triangle Pacific Corp. for \$1.15 billion in cash and assumed debt, the latest in a string of acquisitions as Armstrong builds a global presence in flooring materials.

Armstrong World will pay \$890 million in cash, or \$55.50 a share, to Triangle Pacific shareholders, a 27 percent premium over the stock's Friday closing price of \$43.75. The deal was announced after the markets closed Friday. Armstrong World will also assume \$260 million in Triangle Pacific debt.

Triangle Pacific makes hardwood flooring products and kitchen and bathroom cabinets. Armstrong World, the top North American maker of vinyl floor coverings, is hoping to expand its presence in other areas of the hard-floor covering market.

"Vinyl flooring is a fast-growing area, and Triangle Pacific is the leading wood flooring company," said George Lorch, chairman and chief executive of Armstrong. "It's a very compatible product category in terms of the products we sell."

Armstrong World also makes ceramic tile and other building products. It has about 10,600 employees and had 1997 sales of \$2.2 billion. Triangle Pacific had revenue of \$652.9 million in fiscal 1997, with about 72 percent coming from flooring products.

Earlier this month, Arm-

strong World agreed to buy German-based DLW AG in a stock and debt transaction valued at 620 million Deutsche marks (\$343.4 million) to continue its expansion in Europe. The Frankfurt Allgemeine Zeitung, a German newspaper, reported last week that some DLW shareholders believe Armstrong's offer is too low.

Mr. Lorch said Armstrong World expects to have at least 75 percent of DLW shares tendered, which will allow it to buy the company.

Once Armstrong World

finishes buying DLW and Triangle Pacific, it will be the second-largest maker of floor coverings in the world after Shaw Industries, Inc., a carpet maker, and it will be the largest maker of hard-floor coverings in the world, Mr. Lorch said.

It is also looking for acquisitions that will let it grow in other areas of the hard flooring and business products industry.

"The building materials industry is in a consolidation mode and we see ourselves as a consolidator," Mr. Lorch

said. "Anything in the hard surface area is an area that we'll look at."

Armstrong World expects the acquisitions of Triangle Pacific and DLW to hurt earnings in 1998 and add to earnings beginning in 1999. The company said it expects the acquisition to close in the third quarter.

Armstrong does not expect to close any manufacturing plants in either company, Mr. Lorch said, even though it will be consolidating sales and marketing at the two companies.

## BusinessWeek

In this week's issue

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The Lebanese Government, represented by the Ministry of Public Health and the Council for Development and Reconstruction (CDR), invites Foreign and Lebanese Contractors and Joint Ventures to submit request for prequalification towards the execution of construction of FTOUH KESROUAN GOVERNMENTAL HOSPITAL at EL-BOUAR (75 beds).

The surface of the built area is around 9000 m<sup>2</sup> and the period for execution shall be 18 months.

The project is financed by the OPEC Fund for International Development (OFID).

Tender Documents shall be available at the end of July 1998 and the offers shall be examined within one month from the date of submittal.

Prequalification is open to Contractors who have completed similar Hospital Projects.

Applicants may obtain the prequalification documents from CDR offices against the payment of a non refundable sum of 1000 US\$ in the form of a banker's certified cheque, in the name of the Council for Development and Reconstruction as of Monday 15 June 1998.

Duty completed prequalification and supporting documents must be delivered in sealed envelopes to the Council for Development and Reconstruction Tallet Al Serail - Beirut - Lebanon, not later than 12:00 o'clock, Beirut local time on Friday 17 July 1998.





Hanspeter Ackermann, chief investment officer of Deutsche Bank.

## Monetary Union to Open New Investment Doors in Europe

From his vantage point as the chief investment officer of Deutsche Bank AG, Hanspeter Ackermann sees expanding opportunities for investors in a unifying Europe. As portfolio manager of the bank's closed-end New Germany fund, a \$665 million growth fund invested primarily in midsize German companies, Mr. Ackermann is deploying money to pursue some of those opportunities. As a Swiss citizen, he sees firsthand the significance of being inside or outside the euro club. Mr. Ackermann spoke recently with Sharon R. King of The New York Times.

Q. How will investing in Europe change as a result of the creation of the single European currency?

A. The top-down style of selecting stocks, where you analyze country, industry and then go down to the stock level, probably becomes irrelevant. The opposite of that is a bottom-up manager, which basically is our style. We really don't look at macro themes, but much more company-specific data.

The concept of the country fund itself at some point will probably have to be wider. I can imagine that some funds might consider changing to a more European-based fund.

### Q & A / Hanspeter Ackermann

Before, you had different countries, like Germany and France, individually fighting for market share. They all looked insignificant relative to a large country like the United States. Now this is changing. You have a major competitor—let's just call it Europe. It has a much more powerful industrial base. It will not be inhibited by any cross-border taxation or inefficiencies.

What we're going to see here is a major structural change, much higher efficiency. I think that there will probably be more money allocated to Europe than in the past.

Q. What about countries that remain outside the monetary union?

A. For a country like Britain, it's probably less of an issue to be in or out, because it's a much larger economy with much less dependence on Europe. The U.K. has had more cross-border alliances with the United States than with Europe, so it will be easier for the U.K. to stand outside and to remain outside. In the case of Switzerland, I see dif-

ficulties for that country to stay out and to compete with the border restrictions.

For the smaller European countries, sooner or later they're going to be forced into the same situation, where there will be an overwhelming economic case for joining the European monetary union.

Q. Will companies in countries outside of the monetary union have growth problems?

A. Yes. Distribution will be a problem. I'm from Switzerland. When I walk through customs in Europe, they treat me like any other passport holder. But if you are part of the union, they basically just wave you through.

The same effect will probably occur on any distribution or licensing agreement. You would rather give the members of the union preferential treatment. So obviously there's an advantage to be part of the union.

Q. From an investment standpoint, will countries outside of the monetary union be riskier?

A. They should be. You're dealing with higher currency risk; then you have the economic risk of not gaining access to the same markets. There's even a risk of size, which means a liquidity risk.

Q. How do you pick stocks for the bank's funds?

A. There are five criteria. The most important is earnings momentum, to which we allocate roughly one-third of the investment decision-making.

Another third would be management. We look at the track record and the commitment to enhance the company's value. The final third is split between the financial strength of the company and its overall value versus the industry, the stock's history and the market itself.

Q. What are some stocks you own that fit your criteria?

A. One of our biggest holdings is Adidas AG. We have 8.6 percent of the fund in that company. They have acquired Salomon, the ski producer. When we look at other companies like Nike, or Puma in Europe, most of them have lost

market share to Adidas-Salomon. And this is one of the few true growth stories in Germany, in our belief.

This company has excellent management. We see roughly 20 to 25 percent earnings growth consistently into the year 2000. What's not included in that figure yet is the effects of the Salomon acquisition.

Salomon has had its strength mainly in France, and Adidas has had its strength mostly in Germany.

But now there should be a massive benefit from synergies.

We also like Continental AG. We have about 4.3 percent of the fund in that. In Europe there are two other major tire companies, Pirelli and Michelin.

In our view, there's no room for three major companies in Europe, so at some point you're going to see a merger or alliance.

In Wella AG, the beauty products company, we've seen a management turnaround. In the past, Wella's management has not been very open. The perception was: We cannot trust that firm anymore. But the company did make changes within the management to come back and regain the confidence.

## New-Stock Frenzy Hits Paris Bourse

PARIS — Overwhelming demand for new growth stocks in France has pushed prices beyond stock market limits and delayed initial trading.

Cyrano, a software maker, and Bricodeal, a home-improvement goods distributor, could not be traded on their first days because prospective buyers bid up their prices beyond limits set by the stock exchange. Second attempts Friday were successful after the share price limits were raised as much as 30 percent.

They are just the latest examples. In May, the restaurant operator Groupe Flo was unable to be traded for a week.

Investors' appetite for shares has been voracious amid a rosy outlook for profit growth in France's expanding economy, low bond yields and a record run by the biggest companies' stocks that has left investors looking for value in smaller issues. A new law that gives tax breaks for investing in small high-growth companies has provided an added kick.

"I'm finding it difficult to get hold of the growth stocks I need to be eligible for those tax breaks," said Eric Fouillard, who manages \$50 million at Banque Hervet in Paris. "Many new issues are getting so popular that they simply can't trade."

Under rules of the Nouveau Marche and Second Marche, the Paris markets

for small- and medium- growth companies, a share is suspended from trading for 15 minutes if its price rises or falls more than 10 percent.

For some stocks trading on their first day, that limit has been widened in anticipation that high demand will drive up their prices. In many cases that is still not enough, preventing some stocks from being traded at all.

Cyrano shares were sold to investors at 60 francs (\$10) each, and the exchange set a price limit of 78 francs for its first trading day Thursday, 30 percent more than the initial public offering price. More than 3.3 million "buy" orders were placed for the stock that day, of which 1.7 million were "at any price." Only 40,344 shares were offered for sale.

The exchange raised the limit 30 percent to 101.4 francs Friday, which enabled the stock to trade.

Bricodeal, which distributes do-it-yourself materials to big retailers like Carrefour SA, failed to trade Wednesday, the first day after it sold shares in an initial offering at 290 francs each. On Friday, the shares traded only after the upper price limit was raised 17 percent to 340 francs.

The Nouveau Marche said last week that trading value soared 63 percent in May from April. Trading value rose to an average \$1.4 million francs a day from 49.86 million francs in April. The

Nouveau Marche share index has risen 86 percent this year. A new law giving tax breaks to life insurance funds that invest half their assets in stocks, and 5 percent in smaller stocks, is expected to provide an additional boost.

Alain Bokobza, European equities strategist at Societe Generale SA, estimates 115 billion francs will flow from bonds alone and into the new stock funds in the first year.

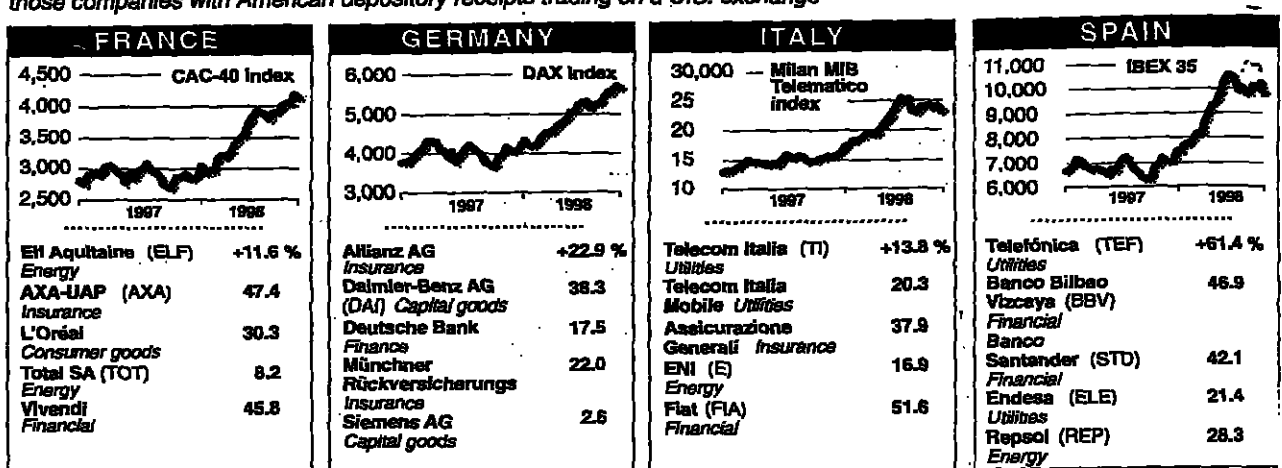
Such is the popularity of new issues that investors are buying even against analysts' advice. "Investors are chasing stocks with their eyes closed," said Philippe Lecoq, who helps manage \$500 million of equities at Ofivalmo in Paris.

Underwriters defend the practice of fixing initial share prices at modest levels. "The underwriters act as guarantors for the IPO," said Herve Petit of Societe de Bourse Portzamparc, which was part of the underwriting team on Bricodeal. "They have to buy back shares if the issue is not successful. I'd rather have the CEO of the company be upset at me because of undervaluation than find myself with a whole lot of paper on my hands."

Failed attempts at trading may not necessarily be a bad thing in the longer term, he said.

"It attracts a lot of attention," Mr. Petit said. "And our clients like to have their name in the newspapers."

Charts show year-to-date performance of each market's biggest stocks, in dollar terms. Ticker symbols are included for those companies with American depository receipts trading on a U.S. exchange.



Sources: Bloomberg; Financial Markets; FT/S&P; Actuaries Euroblock Index; Bank of New York.

## INVEST: Europe's Transformation Is a Boon for Equity Buyers

Continued from Page 1

in equity investing by individual Europeans. As recently as two years ago, Europeans avoided stocks in favor of cautious securities like government bonds. Now they are flooding into the stock markets, and most analysts expect the torrent to become even bigger.

Analysts say the deluge has been driven by two big changes. One is lower interest rates, which have eroded returns on bonds. The second is the growing weakness in government-run pension programs, which are amassing mountains of commitments without the means to honor them.

The result is a rush to mutual funds and a political trend toward promoting American-style private pension funds, which in turn become huge buyers of equities.

"You are looking at a set of circumstances that occur only a few times a century," said Phil De Cristo, head of operations in Continental Europe for Fidelity Investments. "We look at Europe as being our prime engine of growth over the next five years."

None of that means that Europe is a safe bet. For one thing, prices have climbed so far, so fast, that some markets may already be dangerously overvalued. For another, though most experts are increasingly confident that the new European Central Bank will establish stability and credibility for the euro, there is still ample room for problems. Even if the euro proceeds according to plan, it will create losers as well as winners.

Even so, European economic prospects are better than they have been in years. Total economic growth should reach 3 percent this year, possibly outpacing growth in the United States. Already, annual growth rates for Portugal, Spain and Finland are rising by about 4 percent, while Ireland is up by more than 8 percent.

"If you combine the prospects for economic growth, low budget deficits, low or negligible inflation and low interest rates, you have an economic proposition that is almost embarrassingly rich," said George Hodgson of the Dutch bank ABN-AMRO.

Though the debut of the euro next year will have little direct impact on Europe's growth and prosperity, the preparations have had a huge effect on governments, companies and investors.

European political leaders reached the point of no return May 3, when they formally decided to introduce the euro on Jan. 1 as the currency of 11 countries: Germany, France, Italy, Belgium, the Netherlands, Luxembourg, Austria, Spain, Portugal, Ireland and Finland.

Britain, Denmark and Sweden decided to stay out of the monetary union, though they met the qualifications to join. Greece was the only member of the European Union that could not meet the standards, and it hopes to join in several years.

The euro has already transformed economic policy across the continent, as governments slashed budget deficits and social programs. In the process, inflation was nearly eliminated in historically turbulent countries like Spain, Italy and Portugal. Interest rates in these so-called "Club Med" countries have plunged by half in just two years. Not surprisingly, stock markets in Madrid, Lisbon and Milan have soared faster than almost any others in Europe in the past year.

The advent of the euro also promises to alter profoundly Europe's capital markets. Though the actual bills and coins will not begin to circulate until 2002, stocks and bonds will be traded in euros as of Jan. 1.

In effect, that creates a huge new European market for stocks and bonds that could eventually rival Wall Street in global importance.

"With the European Union, what we are talking about is redefining the idea of

a home market," Mr. De Cristo said. "You are creating a massive new entity, which is Europe or Euroland."

For corporations trying to raise capital, that is both good and bad news. On the one hand, it makes it easier to tap a much bigger pool of potential investors. But it also exposes them to bruising new international comparisons.

According to Salomon Smith Barney, for example, the average return on equity for Italian companies was about 9.9 percent last year. By contrast, German companies earned about 12 percent and Finnish companies earned nearly 21 percent. (In the United States, return on equity averaged about 20 percent.)

Competition is also heating up in the real world, the market for goods and services.

Even though the European Union already permits almost entirely free trade between member nations, the babble of different currencies continues to cloak price differences between identical products in different markets. In Germany, a cottage industry of automobile "re-importers" buys up Mercedeses and Volkswagens in neighboring countries and re-sells them to Germans at prices lower than those of German car dealers.

In the new Europe, the camouflage disappears and price pressures are expected to increase. "The single currency will put pressure on manufacturers," said Manfred Gentz, chief

**'You are looking at a set of circumstances that occur only a few times a century. We look at Europe as being our prime engine of growth over the next five years.'**

financial officer of Daimler-Benz AG. "But the benefits far outweigh the disadvantages, and that kind of competition is healthy anyway."

It had better be, because the scramble for position in the pan-European market has helped accelerate the pace of mergers and acquisitions. Daimler-Benz's stunning deal to take over Chrysler Corp., the third-largest U.S. automaker, was merely the most visible of many huge deals, others of which have involved European banks, retailers, chemical companies and steel producers.

In dollars, the value of European mergers jumped to \$484 billion in 1997, from about \$170 billion in 1994.

"The whole philosophy behind the single market was to enable European companies to enjoy the same economies of scale that companies in the United States and Japan were perceived to enjoy," said Mark Howdle of Salomon Smith Barney.

When they are not merging, Europe's industrial conglomerates have become increasingly preoccupied with improving their performance. One example is Royal Philips Electronics, the Dutch manufacturer of consumer electronics, which saw profits nearly evaporate two years ago because of several flopped products and a disastrous alliance with Grundig AG, the troubled German manufacturer. After severing ties to Grundig and cutting 6,000 jobs, Philips has bounced back with high profits and a soaring stock price.

While individual stories do not add up to a trend, there are broader signs of improvement. Excluding Britain, Europe has seen corporate return on equity climb to more than 14 percent in 1998, from about 11 percent in 1996, according to Salomon Smith Barney.

That remains well behind performance in the United States, and pass-

imists interpret the numbers to mean that Continental Europe remains shy about serious revamping.

Optimists, though, see the data as evidence that European companies still have much opportunity for rapid increases in profitability. And investors are timing in.

"We call it the Stock Market Game, but we take it very seriously," said Peter Nemec, host and producer of "3.30 Boerse." Germany's most popular television show for investors. A lot of other people take it seriously, too.

Every Friday night over a six-month period, three investment advisers compete on Mr. Nemec's show, offering their best stock picks. Each adviser is given an imaginary pot of 100,000 Deutsche marks (\$55,300), and the one whose pot is biggest at the end of six months wins the game.

Once upon a time, few people were interested. But today, the show draws as many as a million viewers. When contestants tout their newest favorites, traders say, those stocks routinely surge on Monday morning.

"The public has finally discovered stocks," said Mr. Nemec, who could barely scrape together 100,000 viewers when he started in 1988. "When I go to shopping on Saturdays, the shopkeepers recognize me and start asking me what stocks they should buy."

It is difficult to overstate the change in mind-set among investors in Germany and across most of Continental Europe. European investors who until recently favored the safety of bonds are a key force behind the bull market. Last year, they poured more than \$70 billion into stock-oriented mutual funds, up from just \$10 billion in 1996.

In Italy, where interest rates have plunged by more than half in the last year, \$7 billion flowed into stock funds in April alone. Spanish investors have been on a similar rampage. In Germany, private households have more than doubled their stock holdings in the past three years, to about \$300 billion. When Deutsche Bank AG started a new mutual fund for small European stocks in April, investors contributed more than \$300 million in the first few days.

Such lemming-like behavior often is observed in overripe markets. Europe's mobilization of money does not necessarily mean that its markets will continue to soar.

"Liquidity can be a dangerous animal," said Mr. Hodgson of ABN-AMRO. After all, in an electronic marketplace where trillions of dollars move around the world every day, mutual fund and pension managers routinely redirect their money when conditions change.

Analysts also note that stock valuations are at historic highs in Europe and the United States. Spain's red-hot stock market has retreated about 10 percent in the past month, apparently because investors became convinced that stock prices had lost touch with reality.

"European valuations look very rich," said David Bowers, a strategist for Merrill Lynch in London. "There isn't much room for disappointment."

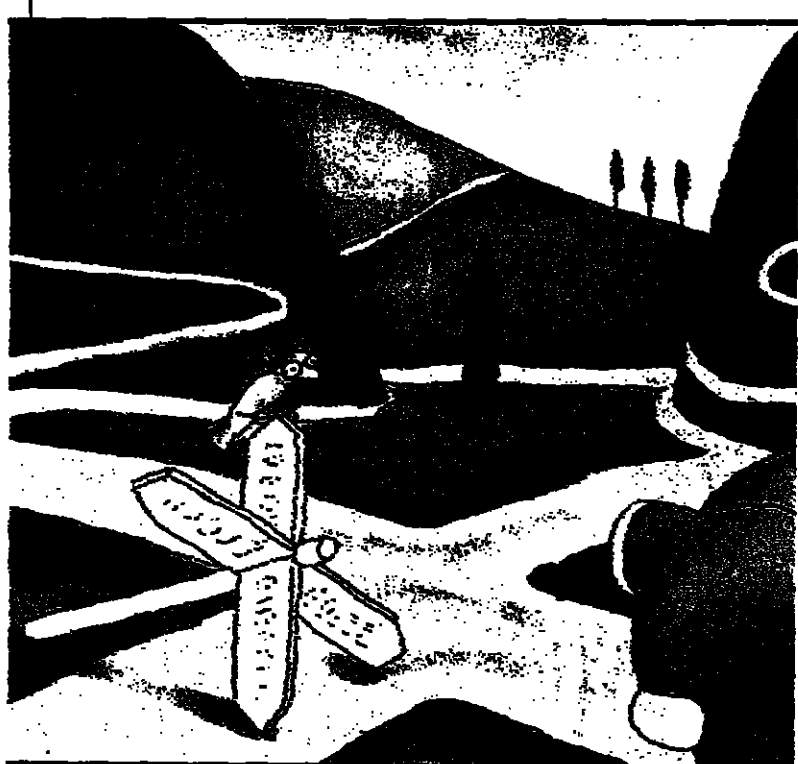
But there are echoes in Europe's boom that make many investors take heart. The flood of money, they say, is reminiscent of what happened in the United States during the early 1980s, when inflation finally subsided and the bull market began to take off.

As in the United States, European investors have proved dissatisfied with diminishing bond returns and low interest rates on savings.

"People who have gotten along on gilt-edged bonds suddenly realize that they have to get their returns up," said Jonathan Freeman, an investment banker at Beeson Gregory, a London-based stock brokerage firm. "It is a new game for a lot of people, but I think you are going to see it for a long time."

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**THE INTERMARKET**  
Starts on Page 4

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## SPORTS

# Red Wings Edge Capitals to Move Within a Victory Of Stanley Cup

By Rachel Alexander  
Washington Post Service

WASHINGTON — The first Stanley Cup finals game in the city of Washington produced the same result as the previous two games in this year's final — the Red Wings won by one goal.

Detroit now holds a 3-0 lead and is within one game of a sweep in the best-of-seven series. It was Sergei Fedorov who scored with less than five minutes re-

## NHL FINALS

maining Saturday night to give the Red Wings a 2-1 victory.

Detroit laid the groundwork in the first period when it held Washington to just one shot. It was only the second time a team had been held to a single shot in a period in a Stanley Cup finals game.

One team in NHL history has come back to win the Stanley Cup after trailing three games to none — that feat was accomplished by the 1942 Maple Leafs when it eliminated Detroit. And although karma may be on Washington's side, the better play in this series certainly has come from the Red Wings.

"You only need to look at the Red Wings' play, whether it's along the boards or their composure or their grit, and we haven't matched that player for player," said Brian Bellows, the Washington right wing. "We're finding out that the difference is minuscule, but it really shows up on the scoreboard sometimes."

Detroit silenced the enthusiastic sellout crowd of 19,740 just 35 seconds into the game. Tomas Holmstrom, who has terrorized the Capitals in this series, knocked in a loose puck on the Red Wings' first possession.

Washington, which had recorded one shot at the 20-second mark, was unable to regroup, going almost 23



Detroit's Sergei Fedorov, left, and Chris Osgood battling Washington's Dale Hunter in front of the net.

minutes without another shot. Although Washington finally got a goal from Bellows midway through the third period, it wasn't enough to fend off Detroit, which prevented overtime with Fedorov's goal.

"This is when the clichés come out, where you say one game at a time, one shift at a time," said the Capitals' goaltender, Olaf Kolzig. "We can't think about trying to win four straight, because that's too big a task."

Kolzig, who ended the night with 32 saves, often kept Washington in the game, especially in the first period when the Capitals were lucky to escape with a 1-0 deficit. Washington was outshot, 13-1, in the period, matching the Stanley Cup finals record that Detroit set in 1995. In that year, the Red Wings recorded just one shot in the third period of Game 4 against New Jersey, losing the game, 5-2, as the Devils completed a sweep.

The Capitals also struggled at the start of the second

period when they took 3 minutes and 11 seconds to get a shot on the net. It came from a defenseman, Joe Reekie, and after taking a deflection almost slid into the net.

Detroit's goaltender, Chris Osgood, had allowed the puck to trickle past him but then stretched backward and grabbed it just before it slipped over the goal line.

Later in the period, Peter Bondra broke free for a two-on-one with Richard Zednik, but Osgood made a nice glove save and the Capitals returned to the dressing room for the second intermission still down, 1-0.

It took until 10:35 of the third period for Bellows to break the Detroit yoke, benefiting from nice work from Adam Oates on the left side of the Detroit zone. Weaving through the Red Wings' defense, Oates took the puck to Osgood, who made the initial save after Kris Draper dove to the ice. But by then, Kirk Maltby was poking at the puck to get it out of danger and instead directed it toward Bellows, who knocked it into the net to tie the game at 1.

# Pirates Find Their Stroke Against Brewers, 7-2

The Associated Press

Mark Smith, Aramis Ramirez and Kevin Young homered in the first three innings and the Pirates finally mounted some offense against the Milwaukee Brewers in a 7-2 victory on Sunday in Pittsburgh.

The Pirates had scored only six runs in four consecutive losses to the Brewers until homering three times off Steve Woodard (3-5), who had allowed only two homers in 13 previous appearances.

The Pirates' starter, Chris Peters (2-4), retired the side in order in five of the six innings he worked, needing only 56

Braves 5, Expos 1 In Atlanta, Kevin Millwood (9-2) pitched a four-hitter and joined two teammates, Tom Glavine and Greg Maddux, as the NL's top game-winners this season.

The Atlanta right-hander overcame a third-inning homer by the Montreal pitcher, Carlos Perez, and then retired the next 12 hitters. Millwood had seven strikeouts and allowed just one walk, to the first batter of the game, and 77 of his 113 pitches were strikes.

Perez (6-5) hit his third career homer, but Atlanta bounced back immediately in the bottom of the third, scoring three runs with two outs.

Astros 6, Reds 3 In Cincinnati, the Astros scored two runs off Jeff Shaw to tie the game in the ninth, and three more off him in the 10th inning to earn the victory.

Bill Spillers started the rally with a leadoff double in the ninth and then blasted a two-run homer off Shaw (1-4) in the 10th, his fourth hit of the game. Shaw, who had not given up an earned run in his previous 18 appearances spanning 25 1/3 innings, gave up one hard-hit ball after another. He had a 0.97 ERA when he took the mound — the best among NL closers — but gave up seven hits, a walk and five runs in two innings.

In the American League: Royals 2, Tigers 0 Glendon Rusch pitched his first major league shutout, scattering seven hits and giving host Kansas City a victory over Detroit.

Rusch (4-8), who had lost five straight decisions, walked none and struck out five. He never faced more than four batters in an inning and allowed only one runner past first base.

Johnny Damon gave the Royals a 1-0 lead two pitches into the Kansas City first, homering off Seth Greisinger (0-2). Luis Rivera added an RBI single in the sixth.

The Kansas City defense helped out Rusch with two double plays.

Yankees 4, Indians 2 In New York, David Cone won for the ninth time in 10 starts and Tino Martinez drove in three runs as New York tied an AL record by winning its 24th straight series — albeit an abbreviated one — with a soggy victory over Cleveland.

Heavy rains postponed the first two games of the three-game series, the first meeting between the clubs since last October's AL playoffs. The finale began in a light rain and was played in a constant drizzle.

The Yankees haven't lost a series since dropping two games to open the season at Anaheim. By winning for the 10th time in 11 games, they became the first AL team since the 1912 Red Sox to win 24 straight series. The 1970 Cincinnati Reds also went unbeaten in 24 consecutive series.

Cone (9-1) struck out 12 and allowed just four hits in eight innings. The right-hander, who struck out 14 against Florida in his last start, is unbeaten in his last nine decisions.

Jaret Wright (5-4), who beat the Yankees twice in last year's division series, gave up three runs and six hits in six innings. Wright was pitching for the first time since June 6, and looked rusty in issuing four bases on balls.

Kenny Lofton went 3-for-3 and homered for the Indians, who hadn't played since last Wednesday.

A New York rookie, Ricky Ledee, singled in his first major league at-bat and looked good in left field, and Mariano Rivera gave up an RBI groundout in the ninth before getting his 13th save. Martinez's two-run single gave the Yankees a 3-0 lead in the fifth.

# Tabarly, French Yachtsman, Dies at Sea

Compiled by Our Staff From Dispatches

PARIS — Eric Tabarly, 66, France's best-known yachtsman and a sailor who crossed oceans to win numerous solo titles, has died at sea, officials confirmed Sunday.

He had been missing since Saturday after falling off his century-old sailboat, the Pen Duick I, while changing sails near the coast of Wales. He was declared dead Sunday morning by officials in the French port of Brest.

Welsh police had said last Saturday that there was no hope of finding Mr. Tabarly alive.

The coast guard in the Welsh port of Milford Haven said Saturday that they had to presume Mr. Tabarly was dead.

"The yachtsman had no life jacket and no seaman can survive more than 12 hours in the water at temperatures of 11

degrees Celsius," a coast guard spokesman said.

He voiced regret that Mr. Tabarly's crew of four, whom he described as inexperienced, had not given the alert until the early hours of the morning. "They heard him shout for help and dropped a life belt over," he said. "They did not know quite what to do."

Mr. Tabarly was born July 24, 1931 in the western city of Nantes. He learned to love sailing from his father, a businessman and sailing enthusiast.

"Without me, it would just be a boat; without it, my life would probably be different," Mr. Tabarly wrote in his memoirs.

The rugged sailor from Brittany, a former naval officer, was immensely popular in France.

# Bulls Still Confident After Loss in Game 5

## Defensive Changes Aided Utah's Victory

By Mike Wise  
New York Times Service

CHICAGO — Michael Jordan recalled being one of the last players to board the team plane in 1993. The Chicago Bulls were off to Phoenix for a Game 6 they had not envisioned after failing to clinch their third straight title at home.

"I got on the plane with a cigar and celebrated a little bit and got everybody else to enjoy themselves, relax a little bit and play the game," Jordan said, re-

## NBA FINALS

fering to how he alleviated some of the pressure the Bulls would face against the Suns.

Five years later, the Bulls found themselves in a similar predicament. They led three games to two going into Game 6 on Sunday night in the NBA finals because Karl Malone and the Utah Jazz had canceled Chicago's confetti shower on Friday night by pulling out Game 5, 83-81.

Thirty minutes after Jordan's last-second 3-pointer did not draw iron, five United Center employees walked across the floor with the franchise's five world championship trophies, preparing to pack them away for another day.

"Sure, we blew our opportunity," Jordan said. "This happened to us before. My job as a leader is still to maintain the positive thought process that it takes to go into a road game and come out with a win. Now, how do I do that? I don't know yet."

There is no place in the National Basketball Association like Utah's home, the Delta Center, a closed-in, cacophony of sound where the Jazz has gone 44-7 this season. Chicago was a mediocre 25-16 on the road during the regular season, and the Bulls have lost four of their last five playoff games in visiting arenas — including all three to the Indiana Pacers in the Eastern Conference finals.

Part of their job Sunday night was to phase out a hostile crowd, but also to try to get over a hangover from Friday night's loss.

The Bulls seemed on their way in the first half of Game 5, holding Utah to 30 points with the same stingy defense that had paved their way to a 3-1 series lead.

But then Jordan and Scottie Pippen began missing shots, unable to go to the rim without a purple jersey in their way. They missed 31 shots between them and received no help from Luc Longley, who contributed six points and three turnovers.

Jeff Hornacek, assigned to Jordan duty for much of the series, did not match up against Jordan at all in Game 5. Instead, Coach Jerry Sloan turned to

NBA FINALS												
UTAH 83, CHICAGO 81												
	Min	FG	FT	O-T	A	PF	Pts		Min	FG	FT	O-T
Russell	34	2-6	0-0	1-1	3	2	5	Utah	45	2-16	2-2	6-11
Kendall	5	1-2	0-0	1-1	3	2	3	Kirk	42	11-13	4-7	1-6
Malone	41	17-27	5-6	4-9	5	2	39	Longley	22	3-8	0-0	5-7
Stuckey	38	3-7	0-0	0-0	12	2	6	Hopner	21	1-6	0-0	0-2
Hornacek	39	2-7	5-8	0-2	3	1	9	Jordan	45	9-26	10-11	1-4
Foster	4	1-2	0-0	0-0	0	0	2	Rodman	24	1-1	0-0	0-3
Elsey	11	0-1	0-0	0-0	0	0	0	Kerr	18	2-4	0-0	0-2
Outing	2	0-0	0-0	0-0	0	0	0	Burris	10	0-1	0-0	0-0
Morris	17	6-11	2-2	1-1	5	2	14	Schuler	1	0-0	0-0	0-0
Anderson	22	3-7	0-0	0-0	2	6	6	Totals	240	29-79	16-20	13-43
Corn	21	5-6	2-2	2-4	0	12	12	Utah	14	14	29	24-33
Totals	240	34-67	14-18	11-44	24	32	83	Chicago	18	18	19	26-31

the quicker Bryon Russell. When Jordan put the ball on the floor, another Jazz defender helped out.

And for once in five games, not a single Bull could distract Karl Malone on offense. He scored 39 points and hit a clutch baseline jump shot with 33.3 seconds left to give Utah a four-point cushion and interrupt Chicago's parade.

"I think it was just a lot of distractions that sort of took our focus away from what we had to do tonight," Pippen said afterward of the pregame revelry. Asked the team's mood after Game 5, Pippen said: "It was quiet, pretty much. We know what we have to do now. We have to go there and win a game on their court."

Coach Phil Jackson would not blame the championship preparation for his team's ills. Instead, he chose congested traffic from the suburbs into the city.

"I think we were concerned just driving to work," Jackson said. "It took us two hours to come down to court. We knew it was going to be a difficult game to get going, because of the transportation problems that were out there."

The Bulls had worse problems driving to the basket on Friday. For one of the few times in the past week, they met resistance. The Jazz, an accommodating team that once acted as if it did not want to rattle NBA royalty and felt no shame in losing to Jordan, finally began to play with the same emotion and precision that won the West.

In what may be the last days of the dynasty, Jordan had another great challenge before him: winning one game on another team's floor for his sixth title in eight seasons.



Mr. Tabarly, shown in a 1970 photo, fell overboard without a life jacket.

# SCOREBOARD

## BASEBALL

### MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE				
EAST DIVISION				
Team	W	L	Pct.	GB
New York	46	14	.767	0
Boston	38	26	.594	10
Toronto	32	34	.485	16
Baltimore	24	44	.353	24
Tampa Bay	22	48	.311	28
CENTRAL DIVISION				
Team	W	L	Pct.	GB
Cleveland	38	26	.594	0
Minnesota	30	32	.484	8
Chicago	27	35	.438	11
Detroit	24	38	.387	14
Kansas City	24	41	.369	14
WEST DIVISION				
Team	W	L	Pct.	GB
Seattle	39	27	.591	0
San Francisco	29	37	.438	10
Oakland	29	37	.438	10
Seattle	29	37	.438	10
NATIONAL LEAGUE				
EAST DIVISION				
Team	W	L	Pct.	GB
Atlanta	46	14	.767	0
New York	37	26	.588	9
Philadelphia	30	34	.469	16
Montreal	26	40	.397	20
Florida	20	47	.299	26
CENTRAL DIVISION				
Team	W	L	Pct.	GB
Houston	40	26	.606	0
Chicago	39	27	.591	1
Minnesota	33	31	.516	6
Pittsburgh	33	34	.493	7
St. Louis	30	39	.435	10
Cincinnati	30	39	.435	10
WEST DIVISION				
Team	W	L	Pct.	GB
San Diego	41	25	.622	0
San Francisco	41	27	.603	2
Los Angeles	34	33	.507	8
Colorado	28	40	.412	15
Arizona	22	46	.324	21

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### MAJOR LEAGUE STANDINGS

10	Angels	Portugal, Gomes (8), Spradlin (9), Winston (10), Berland (10) and Paret, Lieberthal (9).
100-0	8 0	5-Deans, 5-



WORLD CUP

WORLD CUP BRIEFS

Violent English Fans Arrested in Marseille

English World Cup fans clashed with Tunisian fans and for the second day with riot police in Marseille on Sunday, the eve of an England-Tunisia match in the city. Several hundred English soccer fans threw bottles and beer cans at police with helmets and shields, who fired back with tear gas. Scattered fights also broke out between British and Tunisian fans, police said.

No injuries were immediately reported. Authorities said they arrested about 20 people, and calm returned to the Old Port after police cleared the area.

French television also showed English fans burning a Tunisian flag, angering mostly French-born Tunisians from the Marseilles area.

Of four English fans arrested in that clash, a 20-year-old Liverpool railroad employee remained in custody to face charges in court Monday of attacking the police.

"There won't be any trouble tomorrow, unless too many English are kept out of the stadium for a lack of seats," said Kevin Sharpe, who came from Southampton with his brother Oliver. "France should sell more tickets." (AP)

French Plan Prosecution Over Phantom Tickets

The organizers of the World Cup said Sunday that they had filed a complaint against agents and tour operators allegedly involved in selling nonexistent tickets. None of the groups involved in the filing were identified, but Bruno Travaire, a spokesman for the French organizing committee, said the panel would prosecute anyone who sold bogus tickets.

"We are going to court and an investigation will be carried out," he said.

Thousands of fans from around the world have been left without tickets they paid for. French prosecutors said they would investigate businesses and individuals involved in ticket fraud.

Meanwhile, FIFA cleared Colombia's federation of wrongdoing in dealing in World Cup tickets after a two-day investigation.

Keith Cooper, a FIFA spokesman, said accusations against Colombian officials had been "without foundation." (AP)

Maldini Chides Prodi

Cesare Maldini, the Italian coach, Sunday told Romano Prodi, the Italian prime minister, to stop trying to pick the country's World Cup team.

Prodi said Saturday that he would like to see Roberto Baggio and Alessandro Del Piero play in attack when Italy takes on Cameroon in their Group B match next week.

"They're both great athletes and they should be on the pitch together," Prodi said.

Maldini said at a news conference on Sunday: "I believe that Prime Minister Prodi is a great admirer of cycling," leaving a pause that allowed the Italian press to shout "and he should stick to that."

"Personally I'm not that happy and I'll tell you why," Maldini added. "Everybody is talking about just two players and not the full squad of 22. I don't like that. We're a unit and it's unfair to focus on two players."

"The others who played and also those who didn't play should also get some attention."

While Prodi is not known as a soccer pundit, he is a keen fan of Bologna, where Baggio played last season. (AP, AFP)



Nader Mohammadkhani of Iran, left, and Vladimir Jugovic of Yugoslavia falling as they struggled for a ball.

Free Kick Gives Yugoslavia Victory

ST. ETIENNE, France — Yugoslavia made an uncertain return to the World Cup on Sunday after eight years away as it struggled to a 1-0 victory against Iran.

The Iranians matched the Yugoslavs for most of the game and were level until the 73rd minute, when Sinisa Mihajlovic scored from a free kick just outside the penalty area. Mihajlovic's shot curved around the wall and into the goal, catching Nima Nakisa, the Iranian goalkeeper, flatfooted.

Mihajlovic plays for Sampdoria in Italy. Twelve of his 13 goals in the Serie A have come from free-kicks.

Iran, back in the World Cup after 20

years away, refused to be overawed by Yugoslavia and nearly took the lead after only nine minutes when a dangerous corner fired by Javad Zarincheh was neatly deflected in the Yugoslav goal by defender Goran Djorovic as he

YUGOSLAVIA 1, IRAN 0

tried to flick it away for a corner. Iran packed the midfield, making it difficult for the Yugoslavs to play. Ivica Kralj saved a shot by Mehdi Mahdavi and two by Ali Daei. Pedrag Mijatovic was the only Yugoslav to threaten the Iranian goal from open play.

"I am very pleased with our performance overall," said Jalal Talebi, the

Iranian coach. "We did not just go out there and watch them play. We lost on a set piece and there is no shame in that." (AP, AFP)

FIFA Rejects Call for Expulsion

FIFA, the governing body of world soccer, rejected on Sunday a call by German politicians to expel Yugoslavia from the World Cup because of the escalating violence in the mainly ethnic Albanian region of Kosovo. Reuters reported from Paris.

Keith Cooper, a FIFA spokesman, said, "as Yugoslavia qualified in sporting terms and there is no UN directive otherwise, there is no need for us to revise our position."

Nigeria Gives Spain a Whiff of Mortality

By George Vecsey  
New York Times Service

NANTES, France — They play all season in scattered outposts from South Africa to Russia, from Turkey to Kansas City. Their team reunions are usually marked by financial squabbles and political intrigue.

On Saturday, Nigeria staged one of the most spectacular games of this World Cup, or, just about, any other. World Cup for that matter, beating Spain, 3-2, as both teams ran and shot against each other for nearly the entire 90 minutes.

The winning goal came in the 78th minute when Sunday Oliseh sliced a right-footed shot past the desperate dive

of Andoni Zubizarreta, the Spanish goalie.

"It's been difficult to get to this stage," said Oliseh, a center back who

NIGERIA 3, SPAIN 2

plays for Ajax of Amsterdam. "And we have had more difficulty than any other team in the world."

On Saturday, the Nigerians gave the often-disappointing Spaniards a whiff of mortality. They showed skill and courage that was there long before the peripatetic Bora Milutinovic became the team's coach in December.

Spain came out organized and aggressive, and scored first when Fernando Hierro hooked a free kick

around the Nigerian wall and hit the right corner of the goal in the 21st minute.

Nigeria came right back and earned a corner. Hierro jumped too soon in front of Mutiu Adegboye, who plays for Real Sociedad in San Sebastian, and Adegboye leaped and deflected the ball backward, inside the near post and just over the head of the earthbound Albert Ferrer to tie the game.

Early in the second half, Hierro hit a 40-yard pass over the Nigerian defense and onto the left boot of Raul, who volleyed it past Peter Rafal.

Later, Garba Lawal outflanked the Spanish defense to release a left-footed cross that the wrong-footed Zubizarreta pushed into his own goal.

Conservative Belgian Team Holds the Dutch Scoreless

By William Gildea  
Washington Post Service

SAINT-DENIS, France — Four years ago, in Orlando, Florida, the Belgians beat the Dutch, 1-0, in the last World Cup.

The Netherlands team did not care to see the Belgians again for a decade or two, but they drew them in the qualifying competition for this year's Cup — and beat them twice.

Then, like clockwork, they drew Belgium for their opening match in the Cup finals. So, for the 117th time,

NETHERLANDS 0, BELGIUM 0

these two enduring rivals got together Saturday night in the 80,000-seat Stade de France.

At least 8,000 fans from each side were there, including whole sections of Dutch fans wearing orange. Belgium's rosters wore red, black and yellow for their "Red Devils."

Thousands had their faces painted either orange or red, and the colors didn't run despite a steady rain.

Well in advance, the Netherlands' captain, Frank De Boer, predicted what would happen: "Belgium won't be coming at us, because they never do," he said. "We'll be playing our traditional game and try not to get caught by a counterattack."

And so it was that the Belgians always kept seven men back, played for the 0-0 tie and completely frustrated the favored Dutch, who wanted to win. The Belgians handled the attacking Netherlands team, who came away with nothing but bruises and a red card stemming from frustration.

The Dutch weren't helped by the poor form of their main striker, Patrick Kluivert. He expressed his frustration in the 81st minute. Following an exchange of words, he walked angrily up to Lorenzo Staelens, a Belgian defender, and thumped him in the chest with his elbow. Staelens collapsed, and was still writhing in apparent agony long after Kluivert had received a red card and been banished.

Eleven against 10 seemed an invitation to Belgium to play, but nothing so radical was about to happen. If the Belgians had played any deeper on defense, they would have been back at Roissy-Charles de Gaulle Airport.

The conservatism almost cost them. Philip Cocu had a chance in the final minutes with the Belgian goalkeeper, Filip De Wilde, out of position, but a defender, Eric Deflandre, rose up to head the ball over the net.

Deflandre personified Belgium's tactics. He was brought on after only 21 minutes to replace Bernard Crasson, who could not stop the Dutch winger Marc Overmars. Deflandre immediately received a yellow card for fouling Overmars. But that didn't stop him pounding every Dutch player he could.

Belgium's coach, George Leekens, said his team would be aggressive in its next game, against Mexico on June 20 in Bordeaux. "It's our most important game," he said. "We need a win to go through to the next stage." Some fans said that if Leekens had told them Saturday afternoon that he wasn't coming to win, they might have found something else to do on a Saturday night in Paris.



The Dutch striker Patrick Kluivert, front, clashing with a Belgian defender, Lorenzo Staelens.

South Korea Falls Short

For about two minutes, it appeared that South Korea might finally experience World Cup success. Christopher Clardy of The International Herald Tribune reported from Lyon.

But shortly after Ha Seok Ju's long free kick had deflected into the Mexican goal in the 28th minute on Saturday, Ha was jogging off the field after becoming the first player in this tournament to receive a red card for tackling an opponent from behind.

Coach Manuel Lapuente's team then found ways to put the ball past the Korean goalkeeper, Kim Byung Ji.

A second-half substitute, Ricardo Pelaez, was the first Mexican to succeed, slamming home a deflected corner kick with his right foot in the 51st minute. His teammate, Luis Hernandez, would score twice more in the 74th and 84th minutes to secure Mexico's 3-1 victory in the opening Group E match for both teams.

Soccer Stars Are Born — While One Expires

Fernand Sastre Gave the Cup Direction

By Rob Hughes  
International Herald Tribune

MONTPELLIER, France — Soccer is a game of passions, of emotions that flow through those who play and watch as certainly as the Seine runs through Paris. We are feeling those emotions here, especially when the Africans and the so-called lesser nations are at play, performing as if it were a game in which you score, we score.

But on Saturday and Sunday came another kind of human expression that puts the inevitably transient thrills of sport into perspective. I refer to the somber tears of Michel Platini during silent tributes to Fernand Sastre, his fellow World Cup organizer, his friend, and clearly very much a paternal influence on Platini, France's finest player, and on the French game in general.

A true administrator, especially one such as Sastre who was the French federation president in the country's finest hour — the victory in the 1984 European Championship here in France — never puts himself above the players. A true administrator never stoops to the skulduggery that, at St. Etienne and at Marseille, showed scoundrels will sell or buy the goodness of the sport for their own ends.

Sastre appeared to deal with triumph and disaster in Kipling fashion: He treated those impostors just the same. But he treated Platini with special fondness, helping, as a friend pointed out, to give him direction after his lease on playing stardom had expired and his attempt at coaching had proved folly.

It was fitting, then, that Platini managed to visit his mentor at the Pitié Salpêtrière Hospital in Paris on Sastre's last day. They both knew his cancer was terminal, and one can only surmise whether Sastre, 74, received any conscious pleasure either from the sparkling French victory Friday against South Africa in Marseille, or from the uninhibited style with which the small nations have claimed their moments in the spotlight.

For Sastre, like millions of French, was born in Algeria. Did he know that Zinedine Zidane, son of an Algerian immigrant, had lit the torch for France in Marseille? Did he see on television the way Morocco scored stunning individual goals — from Moustafta Hadji and Abdeljilil Hadda — in a 2-2 draw against Norway?

Did he see Marcelo Salas, sharp on the ground and in the air, shock Italy? Or above all, did he see Pierre Njanka spring from nowhere to score an extraordinary goal for Cameroon?

Njanka is a player out of the unknown, a young man whose presence was not a feature in Cameroon, never mind the world, before his goal.

A month and a half ago, said Claude Le Roy, Cameroon's coach, "I

had to go and get Njanka from his village of Myvole. When you see the goal he scored, you can understand the potential of Cameroon football."

No, sir. The potential of African football, rather. That goal was a combination of form and physique, of a man running where instinct took him and not stopping until he had sidestepped two internationally known Austrian defenders and, while the second of them slithered out of control on the seat of his pants, hitting his shot with tremendous power and accuracy into the net.

If Njanka, a defender by the way, never scores another goal, he has this memory to live on. When a coach goes a-hunting as late as Le Roy decided to do so in Cameroon, and from 50 volunteers comes up with a genuine talent, we are bound to ask: Are there more like you back home in Myvole? And would you have run with such hope, such innocence, had you been properly coached in the modern cautions of soccer?

This first round, so far, is what it should be. The "little people" are seizing the headlines. There will be time enough for Argentina, Brazil, France and the other big guns when the event takes later shape. But surprise is the friend of new nations, in the sporting sense — even as I write these words, Iran keeps attacking Yugoslavia with speed and guile quite unexpected.

Marvelous. Maybe they all have been given the green light to believe themselves equal because of what Nigeria did at the 1996 Olympic Games. Two goals down to Brazil in the semifinal, with 15 minutes to go, the "Super Eagles" soared to score three times. Down again to Argentina in the final, the impressive Nigerians came back to win the gold.

And in Nantes on Sunday, Nigeria twice allowed Spain to lead it, twice equalized, and then, proving stronger and running with real Olympian spirit, Sunday Oliseh scored the winning goal with a thunderous shot from 20 meters.

The drums of Africa beat an appealing rhythm. The insecurity of their defenses will let them down as the rounds gather pace and the opposition becomes finer tuned to playing what, for the champion, will be seven demanding matches in one month. Yet among those who hope to be winners are Spain and Argentina. On Sunday, Argentina, despite the inevitable goal from Gabriel Batistuta, could only breathe relief after the final whistle when Japan, simply refusing to surrender in its first match at a World Cup, ran and ran until time ran out.

For the rest of us, there is always hope that tomorrow will bring more memorable surprises. For Sastre, without whose attention to detail this tournament might not have begun this way, we have to say, "Merci, et bonne nuit."

Rob Hughes is sports correspondent of The Times of London.

England Hopes for British Weather

International Herald Tribune

England vs. Tunisia, Marseille, 2:30 P.M. Normally bad weather favors the underdog, but the English, the supposed favorite, will be praying for more wind and rain in Marseille. They are used to such conditions, but fear starting their campaign with a draining match on a hot and humid afternoon, especially if the Tunisians play at the same furious tempo and attack with the same vigor that the four other African teams have displayed in the first round.

Without the self-indulgent Paul Gascoigne, England lacks creativity. The defense has looked shaky in warm-up games. England may well pick two stars of the European championships of two years ago who have struggled to recover form after long injuries: striker Alan Shearer and wingback Darren Anderson. Boy wonder Michael Owen will probably play at some point.

Meanwhile the Tunisians have been talking down their chances. "We've got some very skillful players," said

Sami Trabelsi, the captain, "but Tunisian football is traditionally a short-passing game and we tend to indulge in flashy football. We've never had a great scorer."

Older English fans should remember Henry Kasper-

MATCHES ON MONDAY

Romania vs. Colombia, Lyon, 5:30 P.M. The two teams met four years ago in their opening World Cup game. Romania won, 3-1, putting it on course for the quarterfinals and starting Colombia on a disastrous spiral that ended with defeat to the United States and elimination.

The core of Romania's attack and midfield is likely to be made up of veterans of the previous World Cup: Ghe-

orghe Hagi, Ilie Dumitrescu and Florin Radiciu.

However, in defense two important members of the old guard are missing: Dabiel Prodan is out of the World Cup with a knee injury and Tibor Sejnyles has a sprained ankle and may not play.

Germany vs. United States, Paris, 9 P.M. With an average age of 29.7 years, Germany is one of the oldest teams. But that hasn't stopped coach Berti Vogts from placing his faith in their stamina and strength.

"The fittest team will win the World Cup," he said.

The Americans, fit and fast themselves and with a high capacity for hard work, will provide a severe test of that fitness. Their innovative formation will also test German resourcefulness.

Steve Sampson, the American coach, packs six men into midfield with only one striker ahead of them. He prefers his team to rely on the counterattack, although on Monday he would undoubtedly be happy with a scoreless draw.

A TOOTHY GRIN — Ronaldo balancing a ball on his neck Sunday as Brazil prepared to face Morocco on Tuesday.

LIVE - England v Tunisia 14.30 (CET)  
Romania v Colombia 17.30 (CET)

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## WORLD ROUNDUP

### Fernand Sastre Dies; Headed World Cup

Fernand Sastre, 75, co-president of the French organizing committee of the World Cup, died of lung cancer Saturday.

Mr. Sastre did more than anyone else to bring the World Cup to France. He was not as well-known as his co-president, the former soccer star Michel Platini, but Mr. Sastre played a key behind-the-scenes role in French soccer for nearly 30 years.

Mr. Sastre was stricken a few months ago and the progress of his disease was rapid.

Mr. Sastre was the head of the committee that campaigned for France's World Cup bid. From 1973 to 1984, he was president of the French soccer federation. (WP)

### Kafelnikov Wins Title

**TENNIS** Yevgeni Kafelnikov beat Magnus Larsson, 6-4, 6-4 Sunday to win the Gerry Weber Open in Halle, Germany. It was his first title in four months.

• Scott Draper, an Australian won his first ATP title Sunday, beating Laurence Tieleman, a Belgian-born Italian, 7-6 (7-5), 6-4 in the final of the grass court tournament at the Queen's Club in London. Before this tournament, Draper had not won consecutive matches all season.

• It rained on Steffi Graf's 29th birthday in Birmingham, England. Graf played only nine minutes against Natalie Tauziat in the semifinal of the DFS event before rain stopped play. (AFP, Reuters AP)

### Rhein Fire Wins Bowl

**FOOTBALL** Jim Arelanes, a backup quarterback, threw three touchdowns Sunday to lead the Düsseldorf Rhein Fire to a 34-10 victory over the Frankfurt Galaxy in the World Bowl.

Arelanes, who had thrown one pass all year, was 12-for-18 for 263 yards. (AP)

### Golf Event Abandoned

**GOLF** The European Grand Prix in Hexham in northern England, was abandoned Sunday because of a waterlogged course. It was the first time a European Tour event had been abandoned without a result.

Only a third of the field had completed the second at the Slaley Hall course before play was called off on Saturday following disruptions because of heavy rain on the first two days. (Reuters)

### Ethiopian Breaks Record

**ATHLETICS** Haile Gebrselassie of Ethiopia broke the men's world 5,000 meter record in Helsinki on Saturday. He ran 12 minutes 39.36 seconds to break the mark of 12:39.74 set by Daniel Komen of Kenya last August. (Reuters)



Gabriel Batistuta of Argentina beating the Japanese keeper Yoshikatsu Kawaguchi to score on Sunday.

## Croatia Wins Battle of Debutants

**Agence France-Press**  
**LENS, France**—It took more than an hour, but Croatia's international veterans eventually quelled Jamaica on Sunday in the first match for both countries at the World Cup.

Croatia dominated the match almost

**CROATIA 3, JAMAICA 1**

from the start and took the lead in the 27th minute. Mario Stanic, a defender, scuffed home a shot from close range after a powerful drive by Igor Stimac hit the crossbar and dropped in front of the Jamaican goal.

Seven minutes later Stanic broke

down the left before crossing to defender Zvonimir Soldo, whose shot came crashing back off the underside of the bar.

Three minutes later, Davor Suker, the Real Madrid striker, found space on the left but Warren Barrett, the Jamaican keeper, dived to palm it away.

But the energetic Jamaicans were still able to create chances in the first half. Dario Simic, a Croatian defender, cleared off the line from a header by Robbie Earle, a 34-year-old who plays for Wimbledon in the English Premier League. Then, just before half time Earle leapt to meet Ricardo Gardner's cross into the Croatian goal.

Croatia regained the lead in the 53d minute when Robert Prosinecki curled a shot into the top corner of the Jamaican net following a complicated free-kick routine.

Deon Burton, one of Jamaica's English based players, had the ball in the net a minute after Prosinecki's goal, but the linesman's flag was waving offside before the ball had crossed the line.

In the 69th minute, Suker found space behind the Jamaican defense and when the ball came to him he flashed a left-footed shot that defender Gardner could not keep out of the net.

It was Suker's 30th goal in 35 international.

## An Auspicious Debut, In Defeat, for Japan

### Team Shows Toughness in Loss to Argentina

By Christopher Clarey  
International Herald Tribune

**TOULOUSE**—It was halftime, and though Japan was already trailing Argentina, 1-0, it was still a seller's market on the road leading to the municipal stadium in Toulouse.

Approximately 10,000 Japanese fans were already inside chanting at their South American rivals, but outside there

were still hundreds of Japanese doing their best to find a way into their nation's first World Cup match.

Some supporters were sitting on the sidewalk and holding up signs in English or French seeking tickets. Others with more energy continued to question any pedestrian they could find. But in the end, supply would not catch up with demand. Also in the end, Japan would not catch up with Argentina.

The goal that the star striker Gabriel Batistuta scored in the 28th minute on Sunday would be the only goal of the afternoon, and it would leave Argentina with the early lead in Group H and Japan with regrets.

"I really don't have any great sentimental feeling about this being our first World Cup match," said Takeshi Okada, the Japanese coach. "We all knew that Argentina was stronger than us, but we all believed we still had the possibility to win."

This was no lopsided match between a South American powerhouse and an undermanned Asian team. Japanese soccer has no World Cup history, but its base and national team are solid, and the influence of the many Brazilians who have played and coached in Japan's domestic league means that Japanese stars such as Hidetoshi Nakata, a 21-year-old midfielder, also know how to please a crowd.

But what Japan was lacking was not the ability to defend, pass, dribble or

sprint ("they run, run, run," said Argentina's Juan Veron). It was the ability to finish, and that is what Batistuta still does as well as anyone in the world with the possible exception of a Brazilian named Ronaldo.

Batistuta still came into this World Cup as his nation's all-time leading scorer with 38 goals. He scored his 39th after a pass ricocheted off Hiroshi Nambu and bounced free in the penalty area. The 29-year-old known as Batigol quickly took control of the ball and, with a ruthlessly efficient swipe of his right foot, pushed it over the outstretched legs of the sliding goalkeeper, Yoshikatsu Kawaguchi.

"This is a young team," Batistuta said, "and we needed to break the ice." Only one of Argentina's starters was over 30—the defender Roberto Sensi—but this is not an inexperienced team. Batistuta, Sensi and the midfielders Ariel Ortega and Diego Simeone were all members of the Argentine team that began the World Cup so auspiciously in 1994 by winning its first two matches. But after Diego Maradona was expelled from the competition after testing positive for ephedrine, the Argentines failed to win another match.

The Maradona era is over in Argentina. For the first time since 1978, he is not playing for his nation in the World Cup, but despite all the embarrassment he has caused his country and sport, there were still adoring banners hanging from the stands in Toulouse.

The Argentine who now wears number 10 is Ortega. Like Maradona, he is small and fast and technically gifted, but despite some flashes on Sunday, the moments when he was most reminiscent of Maradona were when he was getting hacked or pushed to the ground by the hard-tackling Japanese.

But this World Cup is attempting to be kinder to creative men than World Cups past, and the Japanese paid for their aggression by being called for 35 fouls and receiving three yellow cards.

## World Cup Results, Goal Scorers and Group Standings

FIRST ROUND										JUNE 11, IN BORDEAUX										GROUP M																						
GROUP A										Chile 2, Italy 2										Paraguay 0 1 0 0 0 1 Spain 0 0 1 2 2 0										W T L GF GA Pts												
W	T	L	GF	GA	Pts																					W	T	L	GF	GA	Pts											
Brazil	1	0	2	1	3	Chile — Marcelo Salas 45, 50.										Bulgaria 0, Paraguay 0										Argentina	1	0	2	1	3											
Morocco	0	1	0	2	1	Italy — Christian Vieri 10, Roberto Baggio 85 pen.										Nigeria 3, Senegal 2										Croatia	0	1	0	1	0											
Norway	0	1	0	2	1	Austria 1, Cameroon 1										Nigeria — Mfeka Adegbo 24, Garba Lowel 73, Sunday Oshen 77										Japan	0	1	1	0	1											
Scotland	0	0	1	1	0	Cameroon — Pierre Njiraku 77.										Spain — Fernando Hierro 21, Raul 47.										Jamaica	0	0	1	1	0											
JUNE 10, IN ST. DENIS										Austria — Toni Polster 90.																				JUNE 14, IN TOULOUSE												
GROUP B										GROUP C										GROUP D										Argentina 1, Japan 0												
W	T	L	GF	GA	Pts	W	T	L	GF	GA	Pts	W	T	L	GF	GA	Pts	W	T	L	GF	GA	Pts	Argentina — Gabriel Batistuta 28.																		
Brazil 2, Scotland 1											France	1	0	2	0	3	0	Medea	1	0	2	0	3	0	Croatia 3, Jamaica 1																	
Brazil 3, Costa Rica 0											Denmark	1	0	0	1	0	3	Belgium	0	1	0	0	0	1	Croatia — Marko Stankic 27, Robert Prosinecki 53, Davor Sestak 69																	
Scotland — John Collins 38 pen.											Spain 1, Mexico 0											Netherlands	0	1	0	0	0	Jamaica — Robbie Earle 45														
Scotland — John Collins 38 pen.											South Africa	1	0	1	0	3	0	South Korea	0	0	1	1	3	0																		
John Collins 38 pen.											JUNE 12, IN LEANS										JUNE 13, IN LYON																					
Morocco 2, Norway 2											Denmark 1, Saudi Arabia 1											Mexico 3, South Korea 1																				
Morocco — Mustapha Hadji 38, Abdelmajid Hadda 59											Denmark — John Riepe 68											Mexico — Ricardo Pelaez 51, Luis Hernandez 75, 84.																				
Norway — Youssef Chippo 45 own goal, Dan Eggen 62.											France 12, 19 IN MARSEILLE											South Korea — Mo Seok-ho 28.																				
										France — Christophe Duguey 23, Pierre Lise 78 own goal, Thierry Henry 90											JUNE 10, IN ST. DENIS																					
GROUP E										GROUP F										GROUP G																						
W	T	L	GF	GA	Pts	W	T	L	GF	GA	Pts	W	T	L	GF	GA	Pts																									
Chile	1	0	2	2	1	Nigeria	1	0	2	0	3	0	Yugoslavia 1, Iran 0																													
Italy	0	1	0	2	2	1	0	1	0	1	0	0	Yugoslavia — Sreten Alekovic 24																													
Austria	0	1	0	1	1	1	0	0	0	0	0	0																														
Scotland	0	0	0	0	0	0	0	0	0	0	0	0																														

Three points for a victory, one for a tie.  
First two in each group qualify for second round. If two or more teams have the same number of points the following tiebreakers are used: 1. goal difference; 2. number of goals scored; 3. result of last game.



Hidetoshi Nakata of Japan trying to evade Nelson Vivas of Argentina.

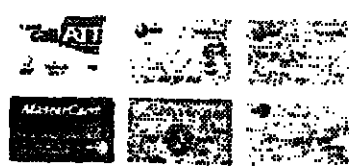


(use your head)

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Egypt (Cairo)	510-0200	Italy	0800-172-1011	Switzerland	0800-80-5011
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